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Gromyko Declares He Won't Discuss Poland With Haig

By Bernard Gwertzman

GENEVA — Soviet Foreign Minister Andrei A. Gromyko said upon arrival here Monday that he has "no intention whatsoever" of discussing the Polish situation when he meets with U.S. Secretary of State Alexander M. Haig Jr. on Tuesday.

Mr. Haig, who on Sunday night said that the main purpose of his talks with the Soviet diplomat was to express directly the West's "outrage" over Poland, said Monday in response to Mr. Gromyko: "Well, I think it could be a very short meeting then."

As they prepare for two meetings Tuesday — the first in the U.S. mission here in the morning and the second in the Soviet mission in the afternoon — Mr. Haig and Mr. Gromyko have broken with the tradition of saying little in advance of such sessions and have been like professional boxers trading verbal jabs in advance of an encounter.

Mr. Haig, who spent much of the day closeted with his advisers, has been the more contentious of the two, stressing that because of Soviet involvement in the Polish imposition of martial law the United States was not interested now in beginning a new round of negotiations on strategic arms reduction or in holding a summit meeting.

U.S. Complaints

In addition to Poland, he plans to raise the U.S. complaints about Soviet activity in Afghanistan, in the Caribbean and in southern Africa. Mr. Haig and his aides have said. The Americans have avoided even the hint of any agreements emerging from the sessions.

Mr. Gromyko said that there

was "no lack of problems and questions" to discuss, but he added, "I have no intention whatsoever of discussing questions relating to Poland or the domestic situation in Poland."

"I am also prepared to discuss other international problems," he said, adding that the Soviet side would do its best "to promote agreements and understandings where such possibilities do exist."

Reporters aboard Mr. Haig's plane were told that there was no U.S. expectation that Mr. Gromyko would be willing to discuss the Polish situation because Soviet leaders have said it is an "internal matter."

But Mr. Haig said he was encouraged that "the entire Western world is of one mind with respect to the situation in Poland ... and the responsibility of the Soviet Union for events which are occurring."

"First-Hand Opportunity"

"I know the discussions themselves will provide me an opportunity to express first hand and directly to Foreign Minister Gromyko the outrage that is felt in my own country and in Western capitals," he said.

President Reagan wants the Soviet Union to know "we're not doing business as usual as long as repression is under way in Poland," he added.

The United States will continue to prepare for the arms negotiations and it will continue to negotiate on reducing or eliminating intermediate-range nuclear forces in Europe in the talks that began here Nov. 30. But the talks on strategic arms will not be held until "conditions are right."

"There is linkage, as there has always been," reporters were told.



The Soviet foreign minister, Andrei A. Gromyko, waved to journalists on his arrival Monday in Geneva for a round of talks with the U.S. secretary of state, Alexander M. Haig Jr.

Mr. Haig intends to discuss the presence of Soviet troops in Afghanistan, the unrest in the Caribbean, which the United States blames partly on Soviet actions, and the stepped-up supply of arms to Cuba, which the United States claims, has resulted in an increase in the arms flow to Nicaragua.

He also intends to raise the southern African situation, where the United States believes the Soviet Union is trying to block a settlement of the South-West African (Namibian) question by trying to persuade Angola not to accept a solution that would include the withdrawal of Cuban troops from that country.

There is particular concern, U.S. officials said, over the Soviet supply of arms to Cuba, and allegedly

from Cuba to Nicaragua. Officials said Cuba had received more than 61,000 tons of military hardware in the last year, more than at any time since 1962, when missiles were placed in Cuba.

No Early Meeting

WASHINGTON (Reuters) — The White House on Monday appeared to rule out an early meeting between Mr. Reagan and Soviet President Leonid I. Brezhnev.

A spokesman said reports from Geneva that Mr. Haig had said he felt an early meeting was not practical "fairly well summed it up. We feel that the groundwork would have to be laid and it's difficult to lay the groundwork in the current climate," the spokesman added.

Jaruzelski Links Easing of Rule To Continued Order in Country

By Brian Mooney

WARSAW — In a speech to parliament Monday, Poland's military ruler raised the prospect of rolling back martial law by the end of next month but offered Poles few hopes for a quick solution to the nation's crisis.

Gen. Wojciech Jaruzelski, making his first major speech to parliament since imposing martial law more than six weeks ago, said restrictions could be partially or entirely lifted by the end of February provided there were no attempts at organizing strikes or other illegal protests.

"If unforeseeable events do not occur and no illegal actions are launched, then the restrictions of the state of war will be seriously cut back or wholly revoked by the end of next month," the general said.

But in the same breath, he warned that martial law could be extended if there was trouble. The military chief acknowledged that martial law had been resoundingly condemned both at home and abroad but insisted it had been a necessary evil to avert civil war.

Gen. Jaruzelski implicitly acknowledged that the authorities had not fully worked out a long-range political program. He said they did not know what to do about the Solidarity free trade union and its 10 million members, a question regarded by analysts as the key to breaking the political deadlock.

The general made no direct reference to recent appeals by intellectuals, political activists and the church for an end to martial law. Rejecting suggestions that the imposition of martial law had been forced upon Poland by the Kremlin, he said: "The truth is that the decision to introduce mar-

tial law in Poland was our decision."

He lashed out at the West for imposing the sanctions and criticizing martial law, adding: "We will not stand before any self-appointed tribunals."

"Neither the calendar nor external pressure will decide the future of Poland," the general said. "By the end of next month the restrictions resulting from martial law should be lifted. The problem in industry is different. The elements of martial law must be kept in force for a longer period."

A proviso that "elements of martial law" would be retained in industry appeared to indicate continuing military control of key branches such as heavy industry, mining, power plants, railways and communications, where workers are subject to military law and discipline.

The parliament was meeting for the first time since martial law was imposed on Dec. 13. Its agenda included ratification of the military decrees and more Cabinet changes. The parliament, the scene of lively and frank debate during Solidarity's heyday, was in a subdued mood as deputies sat through Gen. Jaruzelski's address, which lasted an hour and 40 minutes.

Initial assessments indicated that Gen. Jaruzelski gave little comfort to advocates who mounted a concerted propaganda campaign against martial law in the days before the parliament session. The general made no direct reference to appeals by intellectuals, political activists and the church.

He acknowledged that there were differences of opinion between the state authorities and the Roman Catholic Church, which appears to have the allegiance of the vast majority of this nation of 36 million.

But he said church-state dia-



Gen. Wojciech Jaruzelski during his speech Monday.

cous restrictions on travel and communication could be lifted but that the structure of martial law, with soldiers controlling industry and government, would almost certainly remain.

The technical retention of martial law would also enable the authorities to continue interning opponents without putting them on trial and to bring union activists to summary justice for organizing strikes, distributing leaflets and other acts of defiance.

People attending the session said the applause for the general was lukewarm and perfunctory.

Gen. Jaruzelski promised that political and economic reforms would continue and talked in terms of a "profound democratization of social life."

He also said that the Communist Party would remain the leading force and added that Poland's problems stemmed not from the failings of Socialism but because it was not Socialist enough.

Gen. Jaruzelski accused extremists in Solidarity of having ignored calls for agreement by parliament, individual deputies and the government.

He said extremists had paralyzed the authorities, spread hatred, cynically broken the law, imperiled the country's alliances and security, ruined the economy and abused confidence placed in them by millions of people.

Speaking of the internees, the Polish leader said nobody had been punished for their views. "Internment is a temporary measure," he said, and those prepared to give up their "activities against the Socialist state" can return to their homes and jobs.

He dismissed the idea of deporting opponents, but he said that if any wanted to settle abroad nobody would stop them.

Allies' Criticism Spurs Bonn to Review Ostpolitik

By John Vinocur

GENEVA — The West German Foreign Ministry, acknowledging in an internal report that mistrust had grown among the allies about Bonn's policies toward Eastern Europe and the Soviet Union, has started an examination of possible contradictions in its positions.

A West German official said a study had been under way within the ministry since early January with this theme: "To what extent should West German policy be revised or readjusted?"

The analysis, which has already brought some tentative conclusions contained in a paper prepared by Konrad Seitz, chief of the planning staff, was accelerated by the differences among the allies over their reactions to the Polish

situation and questioning about whether West Germany's Ostpolitik was fully compatible with a convincing role in the NATO alliance.

Details of the paper were published Monday by the news magazine Der Spiegel. The official, who requested anonymity, confirmed the accuracy of the excerpts, saying: "I don't want to downgrade the paper in any sense, but what it offers is the kind of analysis you'd expect from a planning staff. It doesn't prejudice Genscher's conclusions in any way." The reference was to Foreign Minister Hans-Dietrich Genscher.

The official spoke of a "serious rethinking of German foreign policy" that could last many weeks or months and represented a review of options and questions raised

particularly by the situation in Poland.

But the notion of a basic reconsideration of policy was privately contradicted by a high Foreign Ministry official who contended that the report was the kind of procedure done as a routine matter all over the world.

The central finding of the study, as quoted by Der Spiegel, states: "Faced with the differences of opinion between us and the United States, but also between us, France, England and Italy as well, we cannot close our eyes to the fact Ostpolitik increasingly threatens to be in opposition to our alliance policy."

The analysis appeared to reflect the sharp criticism heard in NATO capitals concerning Bonn's cautious position from the time at

which martial law was imposed on Dec. 13 in Poland until Chancellor Helmut Schmidt's assertion for the first time, in Washington on Jan. 6, that the Soviet Union held responsibility in the development.

Leaders of Mr. Schmidt's Social Democratic Party decided on Monday to urge a forthcoming party congress to postpone a decision on deploying new U.S. missiles here until late 1983, according to a spokesman, Reuters reported from Bonn.

[The motion they approved stipulates that one of the Cruise and Pershing-2 medium-range missiles that Bonn is committed to take should be installed before a special party congress in the fall of 1983 has reviewed the decision, party sources said.]

(It also calls for an East-West

freeze on deploying new short-range nuclear weapons for the duration of the U.S.-Soviet arms talks in Geneva, they said.)

The Bonn study points out fundamentally differing attitudes and evaluations among the allies concerning the Soviet Union, although it says the basic task of Western policy should be "to manage the decline of the Soviet empire."

The U.S. position was described as an attempt to force the Soviet Union into caution and arms limitation through a policy of "armament and the economic weakening of the Soviet Union" — withdrawal of Western credit and technology.

"On the other hand," Der Spiegel quoted the study as saying, "we fear that such an American

EEC to Seek Tightening of Soviet Credit

From Agency Dispatches

BRUSSELS — The European Economic Community countries agreed Monday to seek an increase in interest rates on Western export credits for the Soviet Union as a means of pressuring Moscow on Poland, French Minister of External Relations Claude Cheysson said.

Foreign ministers from the 10 EEC nations also decided to send \$38 million in humanitarian aid to Poland through nongovernmental relief agencies there. Belgian Foreign Minister Leo Tindemans, chairman of the ministerial meeting, said EEC executives would make sure the medicines, food and other goods went directly to the Polish people.

Mr. Tindemans declined to discuss the export credit decision, and no official statement on it was issued. But Mr. Cheysson said the ministers had reached general agreement to ask the 24-nation Organization for Economic Cooperation and Development to reclassify the Soviet Union.

Putting it into Category 1, which covers advanced industrial states, instead of Category 2, which covers less developed industrial countries, would mean a shorter duration for export credits and an automatic half-point increase in the interest rate on credit. Moscow receives from Western governments.

Sources said the proposal will be presented at Tuesday's ministerial meeting for adoption as a joint community decision. The plan must be discussed further with other Western states within the framework of the Paris-based OECD.

Earlier this month, the 15 members of the North Atlantic Treaty Organization announced plans to review their credit arrangements with the Soviet Union because of the Polish crisis, and this was discussed further by NATO experts in Brussels over the weekend.

British Foreign Secretary Lord Carrington said meanwhile that he believed the situation in Poland has worsened in recent weeks. He was skeptical of statements by Poland's military leadership that martial law is to be lifted soon.

"My reaction would be to wait and see whether it is, and then wait and see what is substituted for martial law," he said.

Ministers Resume Financial Talks

BRUSSELS (Reuters) — The EEC foreign ministers resumed negotiations on community finances Monday, with Britain refusing to budge on its demands for big cash refunds.

Diplomatic sources said Lord Carrington told EEC partners that Britain was not prepared to accept anything less than five years of renewable refunds, which could reach more than \$1 billion a year. France responded with an equally firm statement of its refusal to



Foreign Ministers Hans-Dietrich Genscher of West Germany, left, and Leo Tindemans of Belgium at the meeting in Brussels.



Lord Carrington, right, the British foreign secretary, conferring on Monday with Emilio Colombo, the Italian foreign minister.



Prince Norodom Sihanouk, the former Cambodian head of state, during a recent interview.

U.S. Sprayed Herbicides on Laos

Report Describes Secret Program in Vietnam War

By Richard Sevco

NEW YORK — An unpublished Air Force history reports that the United States secretly sprayed herbicides on Laos during the Vietnam War and openly sprayed them on South Vietnam only after a debate over whether other nations would denounce the move.

The history, which contains details about how the United States started and conducted its herbicide spraying program, also provides insights into how government policy was made during the war.

The account says that in the early 1960s, thousands of gallons of military defoliants were secretly brought into South Vietnam by the United States in violation of the inspection provisions of the Gene-

va accords of 1954, designed to end hostilities in Indochina.

The United States participated in the creation of the accords, and although it disassociated itself from the "final declaration," it pledged not to disturb the agreement by force.

The history was obtained by the National Veterans Task Force on Agent Orange, a coalition of veterans and religious and environmental groups, in a lawsuit under the Freedom of Information Act.

Thomas W. Ainsworth, director of a unit of the State Department that decides when material should be declassified, sought to block release of the document, of which 20 pages remain withheld by the government, on the ground that it "would cause identifiable damage

to the national security." Litigation continues over the withheld material. Releasing it, Mr. Ainsworth said, would damage relations with foreign countries.

Mr. Ainsworth said in an affidavit that certain sentences in the 20 pages "would, if disclosed, confirm officially that the U.S. some years ago gave consideration to the possibility of military use of herbicides to certain specific countries, concretely, the use of herbicides to destroy war-making potential."

Mr. Ainsworth noted that the United States is a party to international accords prohibiting use of chemical and biological weapons and possession or manufacture of biological weapons. "The applicability of the agreements to herbi-

to the national security." Litigation continues over the withheld material. Releasing it, Mr. Ainsworth said, would damage relations with foreign countries.

This suggestion prompted Singapore's deputy prime minister, S. Rajaratnam, to comment that the Khmer Rouge letter was not a complete rejection.

Counterproposals Expected

"They have suggested further discussions among the Cambodian resistance movements, which probably means that the Khmer Rouge leaders have some counterproposals," Mr. Rajaratnam said in Singapore.

Cambodia's former head of state, Prince Norodom Sihanouk, who heads the small Moulinak group, and former Premier Son Sann, the leader of the Khmer People's National Liberation Front, had accepted the idea of a loose coalition.

INSIDE

Trade Tensions

The decision by U.S. steel firms to file anti-dumping suits against European steel exporters reflects dangerous tensions in transatlantic trade. Part II of a series: Page 3.

Athenian Rhetoric

A political consensus seems to have emerged on the first 100 days of Greek Premier Andreas Papandreu's government: Behind a screen of Socialist rhetoric, it has abandoned many radical plans and retreated to a West European style of social democratic government. Page 5.

Super 49ers

In U.S. professional football's Super Bowl, the San Francisco 49ers beat the Cincinnati Bengals, 26-21. Page 15.

grant Britain refunds except on a limited and annually declining scale, something that Britain has consistently refused to accept. Britain maintains that it has to pay too much for its EEC membership and that it gets back from the budget less than is justified by the size of its economy.

Soviet-West German Contract

BONN (NYT) — Mannesmann Handel, the trade unit of the West

German steel pipe maker, said Monday that it had signed contracts to deliver 1.2 million metric tons of large-diameter steel pipes to the Soviet Union. Mannesmann said the pipes would be supplied from its plant in Mülheim. The deliveries are expected to help meet Soviet demand for pipes for the natural gas pipeline from Siberia to Western Europe. Industry sources said the deliveries would be worth about 1 billion Deutsche marks (\$435 million).

France Reported Close To Algerian Gas Deal; Soviet Accord Assailed

By Charles Bremner
Reuters

PARIS — France was reported Monday to be close to agreement with Algeria on a major natural-gas contract but criticism was mounting over a similar French accord with the Soviet Union.

Industry sources said the state firm Gaz de France was on the verge of settling a two-year disagreement on a new gas price with Algeria's Sonatrach Co., clearing the way for it to double supplies to about 9 billion cubic meters (315 billion cubic feet) per year.

Taken together, the new Algerian contract and the accord signed on Friday with the Soviet Union for gas from a planned Siberian pipeline are expected to provide about 55 percent of France's gas needs in the second half of this decade.

While the Algerian agreement is expected to be completed without controversy, the contract with Moscow has brought condemnation from critics on both the left and the right who say it conflicts with France's stance on events in Poland.

Jacques Chirac, the leader of the neo-Gaullist opposition, said the Socialist "no longer have the right to speak to the Poles about human rights and hope."

Prime Minister Pierre Mauroy asserted Monday that purchase of Soviet gas did not conflict with France's support for the Polish people, United Press International reported from Paris.

"The natural gas agreement does in no way put to doubt our basic foreign policy choices and our solidarity with the Polish people," he said in Cambrai during a tour of northern France, UPI reported.

The 25-year contract, signed despite U.S. calls for a reduction in trade with the Soviet Union to protest the Soviet crackdown in Poland, was attacked as inopportune by the Confédération Française Démocratique du Travail (CFDT) trade union grouping, the government's main union ally.

"Without any doubt, this operation weakens the impact of the policy of France and its European partners toward the Polish situation and the strategy of the Soviet Union," a senior CFDT official said.

The influential newspaper Le Monde said the agreement, under which France will receive an additional 5 billion cubic meters of Soviet natural gas per year starting in 1984, would confirm for the Polish people that "they have nothing left to hope for from the West except for a few charitable gestures."

Le Matin, a pro-Socialist daily, pointed out that the gas negotiations were opened in July, 1980, under former President Valéry Giscard d'Estaing. Le Matin said it was hypocritical to criticize the timing of the contract once the principle of trading with the Soviet Union had been accepted.

Mr. Giscard d'Estaing's own Union pour la Démocratie Française (UDF) grouping denounced the contract as a stab in the back for the independent Polish trade union Solidarity. The administration of President François Mitterrand has been one of the most outspoken among the Western allies in its condemnation of martial law in Poland and has said it holds the Soviet Union responsible.

Political sources said Mr. Mitterrand and his ministers had decided that France needed the Soviet natural gas for economic reasons and resolved to go ahead with the agreement while stressing that it had no bearing on France's overall position toward the Kremlin.

Finance Minister Jacques Delors said Sunday night that the gas agreement, which follows a similar contract between Moscow and West Germany last year, reflected France's desire to diversify its energy sources.

France is heavily dependent on oil and gas imports. At present half its petroleum is supplied by Saudi Arabia.

Total Algerian and Soviet gas imports will represent about 10 percent of the country's energy needs in 1990, according to Gaz de France statistics.

The Siberian pipeline project is also providing French firms with 4.5 billion francs (\$775 million) in income, mainly for pumping stations and electronic surveillance equipment.

Ban on Chemical Arms May Be Sought by U.S.

By Walter Pincus
Washington Post Service

WASHINGTON — The Reagan administration, which is making preparations for the production of chemical weapons, will soon propose the start of treaty talks on eliminating chemical weapons in all countries, according to government sources.

The sources said the two-track plan — preparing to build nerve gas shells and bombs while expressing willingness to negotiate them away — was needed to head off allegations in Western Europe or elsewhere that the United States was starting an arms race in chemical weapons.

Officials said the overtone would be made even though they believed it unlikely that talks would produce a workable treaty soon.

The Pentagon also has another plan for avoiding opposition to its plans; one of the weapons, the new "Bigeye" bomb, would be a binary nerve gas bomb considered so safe that it could be based aboard carriers at sea.

Healey Criticizes Poland TV Show Planned by U.S.

The Associated Press

LONDON — Denis Healey, deputy leader of the opposition Labor Party, said Monday that the Reagan administration's "Let Poland Be Poland" television program will be "intensely embarrassing to everyone outside of the United States."

"I think it is absolutely wrong to treat the Polish tragedy as Hollywood razzmatazz," Mr. Healey said at Heathrow Airport before flying to Washington for a six-day visit in the United States.

"Let Poland Be Poland," which is being produced by the U.S. government, is to show support for the Polish people under martial law, is to be transmitted around the world by satellite next Sunday.

The hour-long special, which is to include tapes of rallies and reports about Poland, will feature President Reagan, British Prime Minister Margaret Thatcher and other world leaders, and such celebrities as Frank Sinatra, Charlton Heston and Orson Welles.

"I suppose it will be the first and last time we will have Mrs. Thatcher appearing on the same program as Frank Sinatra," Mr. Healey said.

W. German Poll Shows Majority Backs Pipeline

United Press International

BONN — The vast majority of West Germans opposes the U.S. call for sanctions because of the crisis in Poland and supports the controversial gas pipeline deal with the Soviet Union, according to a public opinion poll published Monday.

The poll, taken by the Alsenbach Institute for the West German magazine Stern, showed that only 15 percent of those questioned opposed the pipeline deal, which the United States contends will make Western Europe dependent on Soviet energy supplies and strengthen the Soviet Union.

Stern said that two-thirds of West Germans believe that the Bonn government is right in joining the United States in imposing sanctions on the Soviet Union and Poland.

Kissinger Says NATO Could Collapse Unless Disputes Are Resolved

By Judith Miller
New York Times Service

WASHINGTON — Former Secretary of State Henry A. Kissinger has said that NATO will "disintegrate" unless basic differences among the allies are resolved soon.

"We can paper over crises that exist, but it can't go on forever," Mr. Kissinger said Sunday. "We in this country have an obligation to put forth a clear line."

Last week, Mr. Kissinger said President Reagan's response to the crackdown in Poland was not strong enough. He did not repeat that criticism Sunday; indeed, he asserted that the administration was seeking by instinct to lay down a stronger line and that its efforts "must be encouraged."

Nevertheless, Mr. Kissinger's very presence at the final session of a conference organized by the Committee for the Free World gave aid, if not comfort, to neo-conservatives who have become increasingly disenchanted with President Reagan's foreign policy.

The committee, an 18-month-old group whose members include American and West European writers and foreign policy analysts, met in Washington during the weekend to discuss what they

termed the "transatlantic crisis."

Mr. Kissinger, working the room like a politician, embraced Norman Podhoretz, editor of Commentary, and gave effusive greetings to Midge Decter, executive director of the Committee for the Free World; Irving Kristol, a conservative writer; and Richard V. Allen, who resigned this month as President Reagan's national security adviser.

In his remarks Sunday, Mr. Kissinger defended the policy of détente with Moscow, asserting that he had always intended it to be coupled with a policy of containing Soviet aggression. He argued that economic cooperation stemming from détente had been intended to be linked to Soviet conduct but that Western Europe had become increasingly dependent on such trade.

He also expressed his opposition to a plan for the construction of a pipeline in the Soviet Union to carry natural gas to several West European nations.

Mr. Kissinger argued that there was not "the beginning of a consensus" within the alliance on problems such as East-West relations, Central America, Africa and the Middle East.

While he agreed with many members of the committee that the Atlantic alliance was in trouble, and that its troubles were compounded by what he said was the growth of European nationalism, there was little consensus on what should be done to mitigate strains in the alliance.

He recommended that the United States take the initiative in bringing inconsistencies "to a head," but he did not say how or when this should be done.

Mr. Kissinger received a mixed reception from the group. But he elicited sustained laughter when he said that Secretary of State Alexander M. Haig Jr. had offered him a job in the administration, explaining United States foreign policy to the Chinese — one by one.

Harvard Memorial Set For a Slain Newsmen

United Press International

BOSTON — A memorial lecture honoring Joe Alex Morris Jr., longtime Middle East correspondent for the Los Angeles Times, has been established by Harvard University's Nieman Foundation for Journalism.

Mr. Morris was killed while covering the Iranian revolution in Tehran in February, 1979. He was formerly a correspondent for the New York Herald Tribune. The lectureship will begin this spring and will be awarded annually to an American overseas correspondent or media commentator on foreign affairs.

WORLD NEWS BRIEFS

U.S. High Court Blocks ERA Ruling

WASHINGTON — The Supreme Court on Monday blocked an order by a federal judge in Idaho that declared that Congress acted unconstitutionally when it extended the deadline for ratification of the Equal Rights Amendment. The justices stayed the ruling until they decide whether to take up the case.

But five months before the deadline for ratification, the court did not specify when it will take up the question of its jurisdiction. The justices have begun a four-week recess, so it is unlikely that they will act before Feb. 22.

The National Organization for Women had asked the high court to grant a speedy review of the case and to declare that a U.S. District Court Judge, Marjorie J. Callister, had acted unconstitutionally. The Reagan administration, responding to controversy over a Justice Department decision to appeal Judge Callister's Dec. 23 ruling, opposed the request for a quick review, urging the court instead merely to vacate Judge Callister's decision.

Kidnappers Break Silence on Dozier

ROME — Police said Monday that the Red Brigades kidnappers of U.S. Army Brig. Gen. James L. Dozier have broken their nine-day silence and released a tape-recorded message on the abduction.

The police said the tape was found in a Rome suburb Sunday after a telephone tip. They said the message did not contain any new material that might help them find Gen. Dozier, kidnapped on Dec. 17, but that it was the first word from the kidnappers since Jan. 16 when they issued their fourth communiqué on the abduction.

The police did not release the text of the message but said it contained sharp criticism of Gen. Dozier and his role in NATO and hinted at possible attacks on police targets in the near future.

U.S. Atom Plant Shut After Accident

ONTARIO, N.Y. — A tube ruptured in a cooling system at the Ginna nuclear power plant Monday, emitting radioactive steam into the atmosphere and leaking thousands of gallons of water into the reactor's containment sump before the plant was stabilized, officials said.

Nonessential personnel were evacuated from the site, and authorities declared a "site emergency," the second most serious of four emergency classifications. A spokesman for the plant's operator, Rochester Gas & Electric Co., said that there was "no danger to the public at this time." About 45,000 people live within 10 miles (16 kilometers) of the plant.

The reactor of the plant was shut down automatically and was doused with water to keep it from overheating, a spokesman for the Nuclear Regulatory Commission said.

Zia in Paris for Talks on Afghanistan

PARIS — President Mohammed Zia ul-Haq of Pakistan arrived Monday for talks with President François Mitterrand on maintaining and increasing international pressure for the removal of Soviet troops from Afghanistan.

French aides said the talks are also aimed at establishing a relationship for discussing world problems and the balance of military power in the Indian subcontinent. Gen. Zia added the two-day visit to his itinerary just before leaving on a trip that has taken him to Italy, Romania and Yugoslavia.

His trip to Paris follows within two months a visit by Prime Minister Indira Gandhi of India, who discussed military items, including France's latest combat aircraft, the Mirage 2000. France and India are about to sign a technological cooperation agreement.



AIRPORT CLASH — Police pushed back demonstrators at Frankfurt International Airport after they tried to block construction work for a third runway. About 1,000 protesters gathered on Monday, but only about 300 clashed with police. Witnesses said the demonstrators pelted police with snowballs filled with rocks. Protests have been going on for several months.

U.S. Secretly Sprayed Herbicides on Laos

(Continued from Page 1)

icides is a matter of disagreement between the parties," he said.

The history represents what is believed to be the first formal government acknowledgment that the United States conducted covert spraying in Laos. The document says that the defoliation was carried out with the agreement of the Laotian government, which was not a party to the war.

Among disclosures in the history are the following:

• In the South Vietnam spraying program, the U.S. government seriously considered asking Air Force pilots to wear civilian clothes, fly in mismatched planes and agree to a government disavowal of any knowledge of them if they were captured.

• The defoliation in South Vietnam, which in recent years has brought charges from South Vietnamese and U.S. veterans that the herbicides caused long-term health problems, was started at the request of President Ngô Đình Diệm of South Vietnam.

• U.S. officials took pains to mislead the press about the covert spraying in Laos.

The report says the spraying in Laos began in December, 1965, at the urging of Gen. William C. Westmoreland, commander of U.S. military forces in Vietnam, who wanted jungles in southern Laos defoliated to deny hiding places to enemy troops. He also wanted crops destroyed to deny food to the enemy, according to the report.

Gen. Westmoreland, asked to comment on the report, said he could not remember ordering spraying in Laos and had no knowledge now that it had been carried out. "It could have been done by people in my headquarters without my being involved," he said.

The spraying in Laos started over the "strong objections" of William H. Sullivan, then the U.S. ambassador in Vietnam, according to the history.

Mr. Sullivan "informed the State Department that he was opposed to using herbicides in Laos because of current sensitivity among diplomats in Vietnam of nations friendly to the United States over allegations concerning earlier uses of chemical weapons in Laos," the history says.

Mr. Sullivan said in a telephone interview that he did not recall stating his opposition "but I wouldn't be surprised if I did make a protest." He did confirm that Laos had been sprayed.

200 Sorites

The report does not elaborate on the meaning of its reference to "earlier uses." Nor is it clear how long the covert spraying continued. Several pages are missing. However, the report says that by June, 1966, seven months after the program began, 200 sorites were flown in which a total of 200,000 gallons (760,000 liters) of herbicide were dumped on roads and trails, to a distance of about 275 yards on each side, "north of the 17th parallel in Laos."

The report does not say which herbicide was used in Laos, but it does say that generally in Southeast Asia, the Air Force used combinations of the herbicides 2,4,5-T

and 2,4-D, including Agent Orange.

The document also says Mr. Sullivan believed that since "virtually all lucrative targets in southern Laos were dispersed under jungle cover, to use defoliants to uncover them would 'open a bottomless pit.'"

"Yellow Rain" Complaints

But Gen. Westmoreland is reported to have been convinced, in the report's words, "that there were sufficient targets beneath the jungle canopy in men and supplies into South Vietnam."

He also reportedly pushed through a request for permission to destroy crops, although the report says that "such missions never became a major part of the herbicide program."

Disclosure of the Air Force report comes when the Reagan administration is complaining that toxic chemicals have been used against people resisting the Vietnamese control of Cambodia and Laos. Richard Burt, director of the State Department's Bureau of Politico-Military Affairs, said last Nov. 10 that the chemical attacks, which are known as "yellow rain," were backed and controlled by the Soviet Union.

The history deals with several other issues related to the defoliation program.

"For example," the report says that in 1961 Secretary of Defense Robert S. McNamara "continued to hold open the option of disguising the defoliation program" in South Vietnam "as a South Vietnamese operation."

Mr. McNamara, asked to comment, said, "I guarantee you I never suggested anything like that." He called the notion of disguising South Vietnamese defoliation "insane" and "outlandish." Mr. McNamara said he was unable to recall the details of defoliation, or who ordered or approved it.

According to the report, U. Alexis Johnson, then deputy undersecretary of state for political affairs, proposed that "U.S. aircraft be used to conduct a 'major defoliant spray program in South Vietnam,' although the aircraft would carry South Vietnamese markings and the pilots would wear civilian clothes."

Former Secretary of State Dean Rusk, asked in an interview if the State Department had known of discussions of disguising U.S. aircraft, said he could not recall anything like that, but "I don't have records and can't get into that."

Frederick E. Nolting Jr., as U.S. ambassador in Saigon, supported the covert spraying program in South Vietnam, according to the report, and expressed his desire to label defoliant chemicals as "civilian cargo" to exempt them from the inspection provisions of the Geneva accords. The accords established the International Control Commission, referred to in the report as the ICC, which was empowered to inspect shipments of military equipment entering South Vietnam.

Mr. Nolting is said by the report to have felt that "civilian aircraft and crews would be necessary to maintain consistency with civilian chemicals." The report says that a large shipment of herbicides to be

used for crop destruction "had by this time arrived covertly in Saigon by military aircraft, bypassing ICC inspection. A large sea shipment could not be hidden from ICC scrutiny, however."

Mr. Nolting, who now teaches a course on ethics in government at the University of Virginia, said in a telephone interview that he could not remember saying he wanted to disguise military chemicals as civilian cargo or anything else about plans for covert spraying.

Decision on Operation

Ultimately, a decision was made to conduct the South Vietnamese operation openly. One reason, according to the report, was that the deputy secretary of defense, Roswell L. Gilpatric, did not feel that South Vietnamese markings and the covert use of American aircraft "would effectively disguise the U.S. role in the operation."

Mr. Gilpatric is said to have conceded that killing crops in remote areas inhabited by Montagnards, the hill people of central Vietnam, "made sense militarily," but he was worried because "the use of chemicals to destroy food supplies is perhaps the worst application in the eyes of the world."

In an interview, Mr. Gilpatric said that he could not recall saying that.

The prospect of openly spraying South Vietnam with chemical defoliants was not resisted by government officials or high-ranking military officers, and the report suggests that they spent a great deal of time discussing the public relations aspects of such a move.

McNamara's Reservations

Mr. McNamara expressed reservations about the possibility of providing material for anti-U.S. propaganda, the report says. William F. Bundy, acting assistant secretary of defense for international security affairs, sent Mr. McNamara a memorandum setting out the pros and cons. The report says that Mr. Bundy's memo listed the cons as including "the distinct probability that the North Vietnamese would exploit propaganda aspects of a defoliation program."

But in the last analysis, Mr. Bundy is reported to have concluded that "from the military standpoint, the program should be approved."

Mr. Rusk, in a presentation to President John F. Kennedy, reportedly said that the proposed defoliation program "does not violate any rule of international law and is an accepted tactic of war."

The history says that Mr. Rusk told Kennedy that although the United States might be the target of "germ warfare" charges, he favored the proposed spraying program because "successful" plant killing operations in Vietnam could be "of substantial assistance in the control and defeat of the Viet Cong." Kennedy approved the defoliation plan Nov. 30, 1961 in a memorandum that said the move could proceed "if the necessary basis of resettlement and alternative food supply has been created."

Bonn Review

Of Ostpolitik

(Continued from Page 1)

policy leads to an arms race and endangering peace. We want to protect what we've achieved in relations with East Germany, Soviet Union and the other European states.

As a result, the paper said, West Germany would have to make efforts to show that Ostpolitik in alliance policy were compatible, said that détente and defense policy in the 1980s could be called "stabilization policy."

This mix, according to the paper's suggestion, involves avoiding a vocabulary that upsets the allies and talking a harder line with maintaining contacts with the Soviet Union that make clear West Germany's basic nonthreatening attitudes.

In conclusion, the study asks lack of firm language toward the Soviet Union on West German part does not give rise to ideas Moscow that West German society is weak and that Soviet demand can be pressed upon it.

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WELLS

U.S.-European Trade 'Shooting War' Feared

No One Predicts New Barriers, but Officials Warn Complaints Will Increase

This is the second of three articles.

"There now are real fears that a transatlantic trade war may occur. If it does, we have 50 ways of hitting back." — A senior Reagan administration official.

"Liberalizing trade in the classical sense is of little relevance. Our main priority is creating jobs." — A key adviser to President François Mitterrand of France.

By Axel Krause

International Herald Tribune

BRUSSELS — The recent decision by U.S. steel companies to file anti-dumping suits against European steel exporters reflects increasingly deep and wide-reaching tensions in transatlantic trade relations, which officials warn could easily deteriorate during the next several months.

The statements cited above, for example, reflect wide divergences in thinking about economic priorities in two key capitals. Washington is determined to reduce the impact of the European Economic Community's use of export subsidies affecting industry and agriculture. Paris, committed to reducing worsening unemployment by nationalizing and modernizing French industry, is cool about liberalizing trade.

In the Brussels headquarters of the EEC, where France has considerable influence, there is a growing sense of frustration regarding the future, particularly after the failure of leading U.S. and EEC officials to negotiate a settlement in the steel dispute.

The investigation into the steel dumping charges could take nearly a year, U.S. government sources said.

Growing Steadily

The tensions over steel are also coming to a head just as the United States and its European allies are experiencing strained relations over Washington's drive to tighten sales of high-technology products to the Soviet Union.

West Germany and France have repeatedly stressed their reluctance to go along with Washington on restricting their profitable nonstrategic trade with the Soviet Union, which has been growing steadily over the past few years.

Last Saturday, France joined West Germany in signing contracts with Moscow for the delivery of Siberian natural gas through a pipeline whose construction Washington has repeatedly opposed.

"There are new pressures between us and Washington mounting all the time and it is becoming less and less manageable. A fuse could blow, pushing us into a trade shooting war," a senior EEC trade official said.

No one on either side of the At-

lantic predicts a sudden re-emergence of new trade barriers, such as tariffs or quotas. These would be illegal under the rules of the General Agreement on Tariffs and Trade, the Geneva-based agency that enforces the world's trading rules. What officials foresee is the filing by Washington of substantial numbers of cases under GATT rules, charging violations of its codes by Common Market countries.

"We may very well file new actions against the Europeans similar to steel, in industry and particularly agriculture, which would certainly create new pressures," said a senior U.S. government trade strategist. He added that the actions could be filed in Washington or Geneva and that they were being enthusiastically supported by U.S. legislators.

Emerging Target

A key emerging target of the Reagan administration is subsidized EEC farm exports to third markets, such as the Middle East and Latin America, where the U.S. markets are substantial and growing.

Last week in Washington, U.S. producers of poultry, sugar, wheat flour and pasta began proceedings against the EEC. Office of the Trade Representative, charging that the Europeans are undercutting the U.S. competitive position in violation of the GATT code outlawing unfair subsidies.

"We fear that the [EEC] is seeking to solve its internal agricultural overproduction and budget problems by converting the CAP [Common Agricultural Policy] into a Common Export Policy based on extensive subsidies," U.S. Agriculture Secretary John R. Block recently told a Senate subcommittee in Washington.

"Serious friction in our bilateral relations would result, as would in-

2 Admirals Replaced In Soviet Sub Incident

United Press International

BONN — The Soviet Union has replaced two admirals over the Soviet submarine that ran aground in a restricted area in Sweden in October, according to the West German news magazine Der Spiegel.

It said on Sunday that Vladimir Tschernavin, the navy's youngest admiral and a candidate member of the Communist Party Central Committee, was replaced in December as chief of the North Fleet by Adm. Arkady P. Michailovskii. In November, Admiral of the Fleet Georgij Jegorov, the second highest ranking naval officer who was chief of the naval staff, was transferred to a minor post.

Increased instability in world markets, if present EEC policy trends continue," he warned, noting that fines could eventually be imposed on EEC farm producers.

A potent retaliatory weapon is contained in authorization for a revolving fund established in the Reagan administration's new farm legislation, which went into effect in December. Introduced under congressional pressure and resisted initially by President Reagan, the fund's purpose is to allow the U.S. government to subsidize its farm exports against unfair foreign competition in third markets.

While no funds have yet been proposed for the fund, administration sources said the amount could reach \$1 billion.

An initial major test of the farm issue will take place in Washington during the first week of February as EEC and U.S. officials meet for the second in a round of ministerial talks that began in Brussels in December. The first round, which followed a NATO ministerial meeting, touched on a wide range of transatlantic trade issues but was exploratory.

Major Test

Gaston Thorn, president of the EEC Commission, has already stated that the community will strenuously defend its agricultural policy, and there are predictions on both sides of the Atlantic that the meeting could prove stormy.

Mr. Thorn and other EEC officials remind U.S. visitors that the United States regularly runs heavy trade surpluses with the 10-nation Common Market — more than \$7 billion in farm products alone last year.

Considerable support for a hard-line approach is coming from the French Socialist government of François Mitterrand and from Edith Cresson, his minister of agriculture.

With the support of West Germany, Denmark and other large EEC farm producers, the French are determined to resist any relaxation of the EEC's farm export drive while obtaining higher support prices for European farm products.

Farm Demonstration

A nationwide demonstration by French farmers is being planned for next month, aimed at raising EEC farm commodity prices next year by 16 percent — substantially higher than the rate being proposed by the EEC Commission, whose leaders have repeatedly urged that EEC prices be lowered to world levels.

The French approach is not exactly winning over the Reagan administration, whose officials have regularly noted that worldwide commodity prices are falling, notably in categories heavily subsidized

by the EEC, such as sugar, wheat and dairy products.

During a recent meeting in Paris, Mrs. Cresson told the U.S. trade representative, William E. Brock, that above all, the Mitterrand government's aim was to provide a decent standard of living for French farmers. "This was hardly a satisfactory answer to our preoccupations — and we tried to get that message across," said a participating U.S. official.

France is by no means alone in resisting the U.S. initiatives. West German officials, who declined to be identified, said that Bonn is actively supporting Paris, but quietly behind the scenes. "We took the initiative on resisting Reagan on economic sanctions against Russia, but will leave much of the rest to the French," said a West German official.

Advisers Skeptical

Leading advisers to Mr. Mitterrand do not hide their skepticism about coming to an agreement with Washington over trade liberalization — and they are adamant when explaining their rationale.

"Our first priority is creating jobs through a modernized industry, but don't come here looking for evidence of emerging protectionism," said an adviser. He said the Mitterrand government does not intend to erect barriers to imports in sectors targeted for expansion. "You might want to look at Italy, Britain, Japan and possibly the U.S. on protectionism, but not here," he said.

Echoing the views of other top Socialist officials, the adviser said that France will pursue its policy of "reconquering" domestic markets — meaning reducing foreign penetration by injecting new capital, research and management resources into the economy.

A recent survey published by Le Matin, a Socialist-leaning daily newspaper, showed that imports now account for the majority of supply in 26 industrial sectors, many of which the government is determined to develop. They range from plant machinery and office equipment to airplane motors and electronic semiconductors.

Although Socialist planners vehemently reject claims that the program is protectionist, industry planners in Paris are agreed that the government will favor French companies, particularly in cases of purchases by government agencies.

"No one doubts that we will be increasingly favoring our own industry over foreigners, particularly in light of the nationalizations," said a highly placed government official responsible for industrial planning.

(Next: Why the West cannot easily give up trade with the Eastern bloc.)



FAMILY TRAGEDY — Purvis Hamilton was overcome with grief at the burial in Craynor, Ky., of his three brothers and his son, who were among the seven miners killed last week by an underground explosion in a nearby mine.

H.D.F. Kitto Is Dead at 84; Wrote on Classical Greece

United Press International

LONDON — H.D.F. Kitto, 84, a writer and authority on classical Greek literature, died Thursday.

Mr. Kitto, professor of Greek at Bristol University from 1944 to 1962, was the author of the stan-

OBITUARIES

dard introductory work on classical Greece, entitled "The Greeks." The book, which appeared in 1951, was considered one of the foremost studies of the character, history and thought patterns of the ancient Greeks.

The book has been reprinted more than 30 times and was translated into several languages.

Mr. Kitto was born in Stroud, Gloucestershire, and studied at St. John's College, Cambridge University.

In 1921, he became assistant to the professor of Greek and subsequently lecturer in Greek at Glasgow University where he remained until 1944 when he moved to Bristol.

Mr. Kitto taught at the University of California from 1960-61, at

Brandeis University the following year and again at the University of California in 1964.

Alfredo Ovando Candia

From Agency Dispatches

LA PAZ — Former Bolivian President Alfredo Ovando Candia, 64, died here Sunday following a heart attack.

Gen. Ovando twice took power in military coups. In 1964, he helped overthrow the Nationalist Revolutionary Movement government controlled by Victor Paz Estenssoro and became president for six months in 1966. He was president again for a year in 1969-70, at which time he nationalized the Gulf Oil Co.'s Bolivian interests. He was later overthrown in a coup.

6 Killed in Italian Crashes

United Press International

PARMA — Six persons were killed and about 30 injured in a series of crashes in heavy fog Monday on Italy's main north-south superhighway, police reported. In all, police said, the crashes involved 15 trucks and 10 automobiles.

Soviet Aide Reported To Hold Peking Talks

United Press International

PEKING — Chinese officials were reported Monday to have held 10 days of secret talks with a Soviet specialist on Chinese-Soviet relations in what some diplomats say is an attempt to pressure Washington into ending arms sales to Taiwan.

Soviet sources said that Sergei L. Tikhvinsky, director of the Soviet Union's Academy of Foreign Affairs, arrived in Peking on Jan. 14, but that his presence was not disclosed for 10 days.

Although neither the Chinese nor the Russians revealed the purpose of the visit, the mission appeared to be a significant development in the dialogue that has grown between Moscow and Peking.

Some Peking diplomats say that the Chinese response to Moscow's overtures is largely aimed at convincing the United States to end arms sales to Taiwan in hopes of bolstering Chinese-American relations.

They say that there is little likelihood that Peking and Moscow will be able to restore healthy relations until the Russians withdraw from

Italy Communists Say Moscow Can't Dictate Its Policy

The Associated Press

ROME — The Italian Communist Party Monday brushed aside a sharp attack by the Kremlin and said that Moscow cannot dictate to the rest of the Communist world.

The party made it clear that it would continue its independent course no matter what the Kremlin said and raised the question whether there could be any single "center" or "leader" of the Communist movement.

"There's no such thing as a Communist Vatican ... Nobody can excommunicate us," said Giancarlo Pajetta, foreign policy spokesman for the Italian Communist Party, in Monday's edition of the party newspaper, L'Unita.

Another attack in the Tuesday edition, released later in the day, further intensified the conflict. The editorial Tuesday said that the concept of a Communist Party as a "center" or "leader" for other parties was an idea whose time had passed. "The concept of a single 'real socialism' is to be clearly rejected," it added.

The Soviet Communist Party paper, Pravda, said in an editorial Sunday that the Italian Communists — who had criticized Soviet policy in Poland — had made a "truly sacrilegious attempt" to prove that foreign policy of the Soviet Union and the Warsaw Pact does not differ from that of the United States and NATO.

Afghanistan and end their support for Vietnam's occupation of Cambodia.

But many Soviet-bloc diplomats believe that the Chinese are about to downgrade relations with the United States and make a strategic shift back toward the Socialist camp.

China has been hinting that it is prepared to improve relations with the Soviet Union, saying that the two sides should begin preparations through diplomatic channels to resume border talks.

Mr. Tikhvinsky, formerly an official of the Soviet Foreign Ministry, was deputy leader of the Soviet team that held negotiations with China before 1979, when border talks and normalization talks were suspended. He technically does not hold a government position, but he has met "unofficially" with Chinese Foreign Affairs Ministry officials, the Soviet sources said.

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Reagan the Reformer

President Reagan took power in a country that was fed up with the prevailing style of politics, which had become a game of assembling winning combinations of small, separate constituencies, each with its own claims and passions. That game was not only expensive in terms of federal money, but it also paralyzed policy when, as often happened, the claims conflicted.

When Mr. Reagan took office, America was highly prosperous by any previous standard but it was also highly uneasy. Incomes were no longer rising, and the country was accustomed to a steady rise. Inflation was accelerating, enforcing a massive transfer of wealth — not in the conventional terms between rich and poor, but from the savers and investors to the borrowers and lenders. That process was increasingly damaging the U.S. economy's basic structure, and people saw it.

More than any president in American history, Mr. Reagan stepped into office with a clear and explicit economic plan. He pushed it skillfully and rapidly through a divided Congress. It fell flat. Now what?

The economic plan — the supply-side strategy — was designed to avoid the terrible trap into which the Carter administration had fallen. Conventional economics says that in order to slow down inflation you have to slow down economic growth. It means rising unemployment and low profits for business. It is not popular. But neither is inflation, and the inflation rate was genuinely dangerous.

The supply-siders assured the new administration that it could avoid the whole dilemma by using tax cuts to increase incentives and investment while federal spending cuts reduced inflation. Seeing lower inflation ahead, everyone would begin saving more, investing more and working harder. The economy would grow briskly, according to the theory, while — the expectation soon producing the reality — inflation would ease. Unfortunately, it has not worked that way. People's expectations of future inflation evi-

dently have not changed much. The rate is down, but that is essentially because of the recession. Investment seems to be falling, not rising. The collapse of the supply-side theory leaves Mr. Reagan facing very high unemployment and not enough tax revenue to run the government.

More than economics was involved. Mr. Reagan came to office firmly believing that by speaking and acting decisively, he could transform the way the world worked. It was not only American investors in the financial markets who would respond to the new tone and policy, but also the poor in the job market, the Russians in the strategic arms negotiations, the Europeans in the alliance, the Third World countries in their economic development. Mr. Reagan arrived with the zeal and conviction of the social reformer — the politician whose purpose is to make his constituents different and better people.

The world certainly treats him more warily and respectfully than it did his predecessor. But it is the same old world, from Moscow to Wall Street, with the same old habits and reflexes. The Reagan reforms counted on the president's ability to transform those habits and reflexes, and that has not happened.

The Reagan administration has ended the steady automatic rises in federal spending and taxation. But the government is not getting smaller, and taxes for the average taxpayer are not getting lower. For the poorest, they are increasing.

Mr. Reagan's political program has been severely undermined by a year's actual experience. But his personal political authority appears to remain undiminished. Perhaps that is because American voters, like Mr. Reagan himself, have learned a lot in that year about the limits on even a president's influence. If the voters continue to like his administration better than the last one, it will be at least partly because they have decided to expect less of it.

THE WASHINGTON POST.

Learning by Mistakes

President Reagan has offered a fair test for his performance on the issue of tax exemptions for segregated schools. "Don't judge us by our mistakes," he said at his news conference last week; the real question is "how well we recover." At the current rate, the president is failing his own test.

The original mistake, not so much political as moral and legal, was the decision to confer tax benefits on undeserving institutions. The first recovery effort was to blame faulty staffing, while continuing to claim that the law required the exemptions unless Congress passed a new law against them. But no new statute is needed, only obedience to law as construed by the highest courts.

Next, the White House offered legislation to forbid the tax breaks, yet insisted that two schools with discriminatory policies should get them anyway. But Bob Jones University in South Carolina and the Goldboro Christian Schools in North Carolina were told by the U.S. Court of Appeals for the Fourth Circuit that the law forbids the tax breaks.

In a further bid for recovery, Mr. Reagan went before the television cameras and repeated the earlier inaccuracies. He said that until he intervened, the Internal Revenue Service had been acting with "no basis in law," when in fact the service was only following the law. He explained his original mistake thus: "We didn't anticipate that it was going to be as misinterpreted as it was."

Full recovery can come only when Mr. Reagan decides to obey and enforce the law. That means scrapping what remains of his exemption proposals, withholding any new exemptions and vigorously defending the law in the Supreme Court cases brought by the Carolina schools. This will embarrass the administration with Sen. Strom Thurmond and other supporters of segregated schooling. The best way out of that bind is to tell them he tried to do their bidding but the law got in the way. And the best way to avoid being judged by mistakes is to stop making the same ones over and over again.

THE NEW YORK TIMES.

Skidding Into the '80s

The 1981 figures for American automobile production have been added up, and they bear a sober message. The industry's troubles will not pass with the current recession. In the past few years Americans seem to have been spending less of their money on cars in good years as well as bad. This departure doesn't have much to do with the Reagan administration's policies, nor can the administration do much to change it. But if it continues the consequences will be enormous.

The automobile industry has always been sharply cyclical, swinging abruptly from very bad years to very good ones. But from World War II until the late 1970s, the pattern always pointed upward. Each peak of the cycle was higher than the previous one, and each trough was not quite so low.

Things changed several years ago. Passenger car production crested most recently in 1977, well short of the 1973 record, and started to fall long before the 1980 recession began. The 1980 production level was the lowest since the 1960-1961 recession that helped

bring President Kennedy into office. It now turns out that the 1981 level is, by a small margin, lower still.

For the past generation there has been a slow but visible movement of wealth and employment from heavy manufacturing into services. With the contraction of the auto industry, that movement is likely to accelerate. The right response to this challenge would be to design and build new products better able to compete in the world, rather than trying to protect the old ones. But people don't always give much attention to that kind of disinterested and detached wisdom when their jobs and their incomes are at stake.

New industries constantly replace old ones. That is how economies grow and raise standards of living. It is never a comfortable process, but the automobile data can be read as indicating that the great task of the 1980s will be to ease a painfully rapid transition for a great many Americans into an altogether different kind of economy.

THE WASHINGTON POST.

Other Opinion

A Polish Economic Lesson

A collapse like that now happening in Poland does not take place of its own accord, nor does it happen suddenly or without advance signals. So why did the regime not react in good time? To start with, planned economies are rigid because their plans are laid down in advance and then meticulously insisted on by bureaucrats. Then the fixing of prices by administrative decree eliminates the interplay of supply and demand and re-

lieves managers from responsibility for their decisions. Errors do not therefore trigger alarms at lowest level. And finally, the economy is dominated by a Marxism that was never aligned on human reactions and has now degenerated into a mere instrument of political power.

In these circumstances, it seems worth recalling the fundamental truism that the purpose of an economy is to provide the population with goods and services.

— From the *Neue Zürcher Zeitung* (Zurich).

Jan. 26: From Our Pages of 75 and 50 Years Ago

1907: Mrs. Wells' Tactics

NEW YORK — Mrs. Bortmann Wells, of London, who has been addressing meetings of women suffragists here, has started an agitation in this city. The older suffragists, however, vigorously oppose such a policy, declaring that it is unnecessary. Mrs. Lillie Blake, one of the leading local women suffragists, gives a peremptory reason why such a campaign "à l'Anglaise" would miss the mark in the United States. She says: "We could not get arrested in New York if we tried. If we made a demonstration in front of the residences of public officials, they would invite us within and treat us with the greatest courtesy."

1932: Dartmoor Prison Riot

PLYMOUTH, England — Dartmoor was the scene of the greatest mutiny in the history of English prisons on Jan. 25, when more than 80 convicts and a number of wardens and police were injured and the central cell block and administration buildings burned. The prison has since been taken over by Alexander Patterson, chief commissioner of police. Patterson will conduct a secret inquiry to determine the identity of the ring-leaders who planned the attempted break in which more than 300 of the prison's 480 inmates took part and battled with police and guards for more than an hour. All prisoners are being forced to remain in their cells.

A Nuclear Argument For Links

By Joseph S. Nye Jr.

CAMBRIDGE, Mass. — Despite the current climate of hostility, the United States and the Soviet Union continue to share common interests that cannot be neglected. Nuclear cooperation is a prime example.

Cooperation in slowing the spread of nuclear weapons began with establishment of the International Atomic Energy Agency in 1957. Soviet policy on nonproliferation and on exports of nuclear technology has always been stringent. The Reagan administration's policy on nonproliferation remains broadly similar. But both countries are missing opportunities for cooperation.

The fields for such opportunities are listed here, in light of the current state of overall relations, roughly in the ascending order of difficulty.

• Reducing the number of low-level but regular consultations.

In the first half of the Carter administration, regular consultations on nonproliferation were held. They are less frequent today. Yet consultations are useful to exchange information and to coordinate policy on relatively noncontroversial issues such as improving international safeguards and developing plans for storage of plutonium and spent reactor fuel. Low political visibility means that such talks can be relatively isolated from the problems that beset overall relations.

• Resumption of joint approaches to various countries to ask them to adhere to the nuclear nonproliferation treaty, under which signatories pledge not to develop nuclear weapons.

The pact, which has 113 adherents, helps to discourage countries from developing such weapons. Both superpowers have an interest in increasing the number of parties. In the past, Moscow suggested joint approaches and Washington agreed. But since January, 1980, just after the Soviet invasion of Afghanistan, the United States has not followed through.

• Completion of the Treaty of Tlatelolco.

This treaty, signed in Mexico in 1967, establishes a nuclear-free zone in Latin America. A party to it is not bound until all signatories have completed ratification — unless it waives this condition. While the pact is not perfect, it serves as an additional constraint on countries seeking nuclear weapons.

Argentina and Cuba have not completed ratification. Were Argentina to fulfill the promise it made to the United States in 1977 to ratify the treaty, Cuba would remain the sole country in the region that has not ratified it. Moscow could help press Havana toward ratification.

• Steps to promote the return of spent fuel.

The United States is concerned about the Soviet Union's sale of reactors to Libya and Cuba. It wants the Russians to insist on the return of spent fuel from those countries, as they do when exporting reactors to Eastern Europe.

A provision in the recent U.S. nuclear cooperation agreement with Egypt allows the United States to require the return of such fuel. This requirement could add a layer of protection against diversion of spent fuel for weapons in the tense Middle East or in regions of special concern such as Eastern Europe or the Caribbean.

• Creation of no-nuclear-explosion zones (as distinct from nuclear-free zones).

The obstacles are enormous, especially in the Middle East. A modest first step would be to try to encourage other countries to replicate Israel's statement that it will not be the first country to introduce nuclear weapons into the region. But if the Arab countries and Israel agree to negotiate creation of such a zone, an alternative would be separate agreements with the superpowers in which each Middle Eastern country would pledge not to be the first to introduce nuclear weapons.

In return, the superpowers would guarantee each country that it would not be attacked with such weapons. Verification would be having each country pledge not to set off nuclear explosions. While this approach requires superpower coordination, it is one avenue in a situation in which the local parties will not talk with each other. India and Pakistan could also be enlisted in such an effort.

• Sanctions against countries developing weapons.

If International Atomic Energy Agency safeguards are violated, or if a country explodes a nuclear device for the first time, the superpowers' reactions will have a crucial effect on possible violators. The safeguard system consists of legal undertakings not to divert nuclear materials from peaceful military uses, and to allow verification by international inspectors. To deter diversion, the system need not be perfect; it requires a reasonable probability of detection and a reasonably strong response.

Each superpower is tempted to seek political advantage by limiting its reaction to new violations. An example is the mild American and Soviet reactions to India's explosion in 1974. While this may be the hardest action in which to achieve cooperation today, it is nonetheless critically important. Tensions in relations between the Soviet Union and the United States are unavoidable, but international security should not be jeopardized at such times by failure to cooperate in the pursuit of common interests.

The writer, professor of government at Harvard, was from 1977 to 1979 the deputy undersecretary of state concerned with nonproliferation policy. He contributed this comment to *The New York Times*.

Dealing With Russia After Poland's Coup:

A Plan for Entente in Europe

By W.W. Rostow

AUSTIN, Texas — The latest phase of the tragedy of Poland has raised, but not resolved, fundamental questions in the West about policy toward Eastern Europe and the Soviet Union's role in that region. What is now required is a vision — a far-sighted plan to end the confrontation in Central Europe that, for 35 years, has passed for normalcy. Like President Reagan's "zero option" for reduction of nuclear forces in Europe, such a plan would transcend current conflicts and practical obstacles but provide a goal that would both unify the West and guide short-term decisions and negotiations.

Four historical processes make the continued acceptance of the division of Europe unwise, not merely for the West but also for the Soviet Union.

• First, the coming to maturity and responsibility of the generation in Eastern Europe born after World War II, to whom the present arrangements make little sense, is likely to render Stalin's empire a source of increasing insecurity rather than security for the Soviet peoples. The irrepressible question is, why should not the peoples of Eastern Europe choose their governments in civilized democratic ways?

Moscow may well succeed in containing the Polish revolt of 1980-1981. However, as thoughtful Soviet officials are well aware, the repressive tactics that have sufficed for 35 years are not likely to prove viable over the longer future.

In a nuclear age it is therefore important to both sides that there be on the table a well-thought-out alternative way to provide for Soviet security — and thus avoid the desperation that might arise in Moscow from an uprising so endemic as to appear to require either a surrender of Soviet national security or a Soviet invasion in the heart of Europe similar to the invasion of Afghanistan.

• Second, powerful decelerating economic forces at work in the Soviet Union and Eastern Europe have slowed these countries' aggregate annual growth rate to something like 1.5 percent. Kennedy requires, among other things, more and more harmonious economic relations with the West, including increased flows of capital and technology. The well-known Polish debt problem is merely one symptom of a large and growing crisis.

• Third, the economic forces at work in the West as well as in the East dictate efforts of the highest seriousness to reduce defense spending.

• Fourth, there is a new generation in the West that finds irrational the perhaps inevitable but second-rate solution devised, or passively accepted, by the statesmen of 1945 to 1948. Young people in Western Europe and the United States are asking perfectly fair and understandable questions. Why should Germany not be unified? Why should the European Continent be littered with American and Soviet nuclear weapons? Why should American and Soviet forces be stationed in Europe more than 37 years after the end of World War II?

Some of the solutions they suggest are impractical or even dangerous. But the questions must be answered. What is needed now is for young and old, East and West, to ask ourselves responsibly how affairs in Europe could be reorganized so as to provide more political freedom for Eastern Europe; to allow Europeans, in both the East and the West, to organize themselves more as Europeans; to ensure continued security for the Soviet Union and the United States; and to reduce but not totally eliminate involvement in the military affairs of Europe.

Crusading Doesn't Do the Trick

The writer is a U.S. government official who is not involved in administration policy toward the Soviet Union. This comment was distributed by *The New York Times* under the pseudonym "Abel Baker."

WASHINGTON — As the administration prepares a worldwide TV spectacular, "Let Poland Be Poland," to express solidarity with the Poles, some may recall that 25 years ago this winter the Eisenhower-Dulles "Crusade for Freedom" was sponsoring similar rallies at Madison Square Garden and elsewhere to protest Soviet intervention in Hungary.

Neither these rallies nor other American protest actions during the next two decades had the slightest effect on Hungary. By 1959, President Dwight D. Eisenhower was joining Nikita S. Khrushchev, stigmatized earlier as the "Bomber of Budapest," in the "spirit of Camp David."

Roughly similar experiences followed the East German workers' revolt of June, 1953, the building of the Berlin Wall in August, 1961, and the "Prague Spring" of 1968.

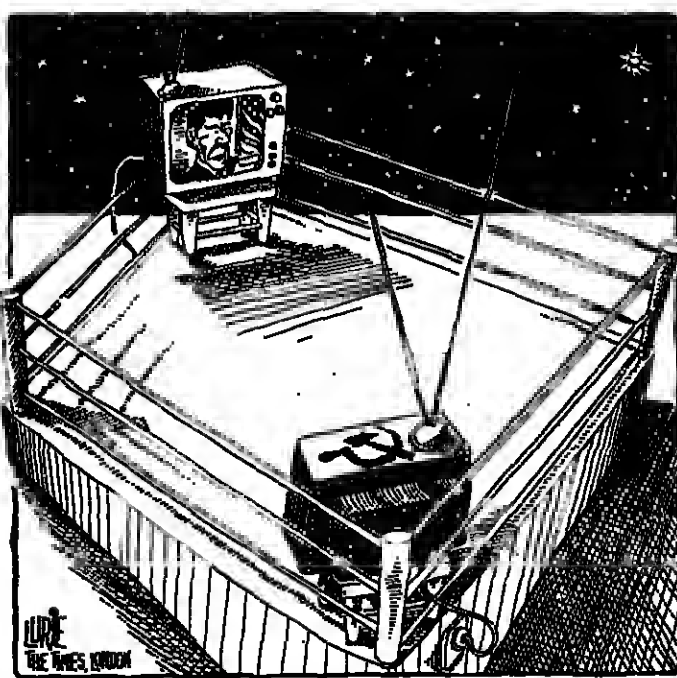
What is mystifying is why U.S. leaders have failed to draw realistic inferences from such East European experiences — lessons that led President Charles de Gaulle to proclaim a policy of "détente, entente, cooperation" with the Soviet Union, and West German Social Democrats to provide substantive content for Ostpolitik.

Three decades of painful experience have shown the futility of Western attempts to "liberate" East European satellites, or to play them off against the Soviet Union. The only positive change that can take place in Eastern Europe — and endure — is change sanctioned by the Soviet leadership. Precisely because of the rigidities and well-founded insecurities of that leadership, such change cannot be sudden, drastic or dramatic, appearing to threaten either the security interests of the Soviet state or the personal and group interests of the ruling Soviet bureaucracies. When such vital interests are threatened, the Kremlin will intervene with military force, to which the West cannot respond in kind.

Can nothing be done to improve the daily lot of ordinary Poles, Hungarians, Czechs or, indeed, the long-suffering peoples of the Soviet Union itself?

Experience shows that such positive change is possible only with the assent of the Soviet leadership, and even then only who administered in what a Bonn statesman once felicitously termed "homopathic doses."

The liberalization of Janos Kadar's Hungary over the last two decades is the most obvious case in point. Conditions in East Germany have also gradually improved as a result of Bonn's patient, nonconfrontational Ostpolitik.



Even in the Soviet Union, Richard M. Nixon's efforts at détente produced an end to jamming of the Voice of America, greater cultural exchange, and the beginnings of authorized emigration. Paradoxical as it may seem to many, despotic governments are inclined to liberalize only when they feel secure; hostile challenges from within or abroad usually generate more repressive policies.

Arms Burden

Although the role of outsiders tends to be marginal, the West can assist positive change in Eastern Europe and the Soviet Union in ways that are not threatening to the Soviet leadership and that are also in the West's interest. Foremost among such means of positive influence, obviously, is a reduction of the burden of military spending and particularly of the strategic arms race, which hobbles living standards, inhibits structural reform, generates mass insecurities, and deforms the political landscape in East and West.

The world has already seen in Poland the first-ever military re-

game in the Soviet bloc. The changing pattern of Soviet leadership in successive crises in Eastern Europe is equally noteworthy.

Whereas in 1956, Kremlin civilians alone negotiated in Hungary and Poland, and in 1968 Kremlin civilians (although heavily influenced by the military) carried on the dramatic talks with the Czechoslovak leadership, in 1981 it was Marshal Viktor Kulikov, commander of the Warsaw Pact forces, who made the decisive appearance in Poland. He and his colleagues are doubtless watching the Jaruzelski experiment with a view toward its effect on the Soviet succession.

It is hard to see how military dominance in Moscow would improve the lot of the East European peoples or prospects for peace. Yet such dominance may well be a logical outcome of the failure of arms negotiations and the collapse of realistic, if emotionally taxing, Great Power dialogue. In any case, the critics of détente have yet to offer an alternative more promising than the "crusading" postures whose failure was demonstrated a generation ago.

Western Unity Is At Stake

By Angela E. Stent

BONN — The unity displayed this month in Brussels when the North Atlantic Treaty Organization warned that it might comply with Washington's demands to impose economic sanctions against the Soviet Union was more symbolic than real.

West Germany diminished the impact of the NATO statement only three days later, when the Bundestag rejected the imposition of sanctions. The economics minister, Otto Lambdorski, stated that Bonn will uphold agreements to supply pipe and engineering advice to the Soviet Union for construction of the projected natural gas pipeline between Siberia and Western Europe.

The West Germans do not entirely reject the use of trade as a political lever. As Chancellor Helmut Schmidt told American journalists recently, the Federal Republic uses trade as a carrot rather than a stick — and has experienced some success.

Bonn claims that one reason for Moscow's willingness not to interfere with West Berlin's links to the West, to permit the emigration of ethnic Germans from the Soviet Union and to allow closer ties between the two Germanys has been the promise of more trade. Why, Bonn asks, should it give up a lever that has proved so useful in eliciting concessions from Moscow?

Failure

Bonn does, nevertheless, reject punitive economic measures — largely because it has been unsuccessful in its own attempts, in the 1950s and 1960s, to use trade embargoes to change Soviet policy. Those sanctions failed to alter Soviet conduct but also ultimately undermined Western unity.

Before 1969, several West German governments restricted trade or threatened to do so in an effort to alter Soviet policy on German reunification and Berlin. In this, West German policy was sometimes even harsher America's.

In an incident that seems ironic today, Chancellor Konrad Adenauer criticized John F. Kennedy in 1963 for exporting grain to the Soviet Union: "I can't stand any more of this wretched talk of détente." He suggested that Washington offer to sell grain to Moscow in return for a Soviet agreement to dismantle the Berlin Wall. None of these policies elicited significant Soviet concessions.

Bonn has also seen repeatedly that its allies have few qualms about taking over trade with the Soviet Union. In 1962, for example, the United States tried to prevent other NATO countries from selling pipe to Moscow for construction of the "friendship" oil pipeline to Eastern Europe.

Claiming that the pipeline would threaten Western security, America with great difficulty convinced the West Germans to cancel existing contracts with the Soviet Union. The Italians, British and Japanese refused to comply. As a result of the embargo, Moscow developed its own capacity to produce large-diameter pipe.

Today Washington has barred General Electric from selling gas turbine compressors worth \$175 million to three European firms involved in the Siberian pipeline project, but it may be unable to stop other Europeans from providing these components.

Markets

As Bonn faces its highest post-war unemployment rate and a crisis in its steel industry, the pipeline is expected to provide thousands of jobs as well as export markets for pipe and compressors.

It is relatively costless for America to withdraw from the project and demand similar action from its allies, because its stake in the pipeline has always been limited. But a decision by West Germany not to participate would seriously jeopardize its economy and undermine efforts to find new sources of energy outside the Arab world. Besides, Bonn argues, it is unlikely that abandoning the pipeline would affect Polish developments.

The West German experience suggests that however much Moscow needs Western technology, it is concerned above all to maintain its hegemony in Eastern Europe, even if this entails economic loss. Bonn is not willing to jeopardize its economy or the stability of West Berlin for the sake of a gesture of dubious political impact.

West Germany is convinced that the dispute over economic sanctions will ultimately disturb the Western alliance more than it will restrain Moscow. Indeed, the Soviet Union will undoubtedly benefit from this dispute.

It is time for the United States to reconsider whether it is worth further endangering the alliance for the sake of a questionable political symbol.

The writer, author of "From Embargo to Ostpolitik: The Political Economy of West German-Soviet Relations 1955-1980," teaches government at Georgetown University in Washington. She contributed this comment to *The New York Times*.

New Regime in Greece Appears to Abandon Many Radical Policies

By Paul Anastasi
New York Times Service

ATHENS — A political consensus (relatively unusual in Greece) seems to have emerged about the first 100 days of Premier Andreas Papandreu's government. It has abandoned many radical plans and retreated to West

filling his previous foreign policy threats, but in effect he changes nothing.

"Playing the lion" has included refusal to join in NATO warnings of sanctions to punish Soviet involvement in Poland, embracing the Palestinian leader Yasser Arafat, and opening a Greek Embassy in Havana.

At the same time Athens wants a new defense and economic agreement that will establish a balance of military power with Turkey and include safeguards against Greek fears of attack by Ankara. The agreement, Athens officials say, would enable them to increase spending on ambitious social welfare programs.

In another controversial move, Greece last week agreed to resume servicing Soviet naval supply vessels. When the previous conservative government inaugurated this service in 1979, Washington pointedly reminded Athens of its NATO obligations; ultimately, Soviet naval customers were turned away. Last week, the State Department expressed its regret "particularly at this time" at the Greek decision, adding that it "detracts from the security of the region."

Mr. Papandreu's "rationally proud and independent" foreign policy has silenced left-wing critics in his party and in the pro-Moscow Greek Communist Party. It has also helped divert attention from the government's domestic economic program, which has disappointed many left-wingers. Indeed, the Socialists have provided generous increases for workers and pensioners in the lower-income brackets as well as index-pegged wages and the 40-hour week. But there have also been incentives and reassurances for businessmen to encourage investments. Threats of nationalization and "socialization" have not materialized; private enterprise remains the backbone of the economy.

On the social front, the government has moved swiftly. It has started action to lower the voting age to 18, abolish capital punishment, improve prison conditions, legalize abortion, promote equality of the sexes and establish civil marriage. At a stormy protest meeting last week, the country's Greek Orthodox hierarchy denounced civil marriage as "prostitution and adultery" and warning that couples married outside the church would "automatically" remove themselves from its rolls.

The government has also stirred old political embers by granting recognition to the Communist-led anti-Nazi resistance of World War II, by abolishing official commemoration of rightist victories in the 1946-49 civil war and by accelerating the return of nearly 40,000 Greeks who fled to Eastern Europe after the Communist defeat in 1949. Mr. Papandreu's critics argue that such measures are largely psychological and cost-free and are alternatives to far-reaching social change.

The government has drawn sharper partisan criticism for its extensive purges of the civil service, state-controlled radio and television networks and the labor movement. Conservatives have warned that such moves, and the staffing of state machinery with Socialist party stalwarts, are designed ultimately to establish a one-party state. But many Greeks recall that the conservatives often did much the same, or worse, during their seven years in power.

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French Socialists Still Seem Unsure of Identity

By Richard Eder
New York Times Service

PARIS — French politics, generally, is the art of the expected, and it takes only a small dose of the unexpected to convulse it. Convulsion is only a shade too strong for the unexpectedly bad weekend suffered by the Socialist government of President Francois

NEWS ANALYSIS

Mitterrand earlier this month. A double defeat, one legal and one political, suddenly interrupted the series of relatively easy circumstances that it has found itself in since it was elected last spring.

On Jan. 16, the Constitutional Council decided that the government's nationalization law was partly unconstitutional. The government will have to resubmit parts of the legislation to the parliament. Although passage is assured, the result will be delay and more generous reimbursement of stockholders.

On Jan. 17, contrary to all political forecasts, the conservative opposition swept four by-elections for seats to the National Assembly. The Socialists kept their solid majority (282 seats out of 491) but the uniform nature of the sweep — the conservatives won back three seats they had lost last June and held onto a fourth — was gloomy political news for the government.

Several Possibilities There are several possible reasons for the by-election results, each with its own conceivable significance. In the first place, all four constituencies tended to vote conservative until last spring, when there was a national wave of what is variously explained as enthusiasm for Mr. Mitterrand and uneasiness for President Valéry Giscard d'Estaing.

Some Socialist spokesmen shrugged off the by-election defeats as a matter of conservative districts going back to their normal voting pattern. This was not much consolation: France as a whole has tended to vote conservative, and if the latest swing were applied nationally the Socialists would be out.

Some political commentators pointed to signs that the Communists, who did not field candidates of their own, may have boycotted the vote out of anger at recent Socialist attacks on their party's attitude toward Poland. If this was a significant factor, it is bad news for Mr. Mitterrand. It would indicate that his government is more dependent on Communist support than had generally been thought.

Another hypothesis was that Socialist voters had not bothered to turn out, and this was alternatively explained as smugness or as dissatisfaction that the government has not moved fast enough in its changes.

A final explanation was that voters in the political center who had supported the Socialists in the spring had become uneasy at some of the changes and the more fiery statements and had shifted to the right.

Perhaps the most important thing to come out of the government's double setback by voters and the Constitutional Council will be not the events themselves but the Socialists' reaction to them.

After a day or two of hesitation, spokesmen for the party chose the Constitutional Council as its target. This was understandable since it could not very well criticize the voters. The council is a peculiar institution. Its members are not judges — some are former judges but most are former conservative politicians. It does, however, have the quasi-judicial power of invalidating legislation that it deems contrary to the constitution.

This makes it, in one sense, similar to the U.S. Supreme Court; yet it lacks the American court's historical prestige and public recognition. This gives it a certain political vulnerability, and over the last few days Socialist Party leaders — other than those in the government — were talking about curbing its powers or doing away with it altogether.

This would require a referendum, and Mr. Mitterrand and his Cabinet have no intention of taking on the kind of confrontation that would be required to organize one. On the contrary, these Socialist leaders who hold Cabinet posts have refrained from saying much about the council's decision and are working to rewrite their legislation to meet its objections.

The council's partial rejection of the nationalization law is more embarrassing than permanently damaging to the government. On the other hand, it reinforces the tendency of some Socialists — now to power and still not totally secure in it — to suspect, despite their own parliamentary majority, that the conservatives will find a way to frustrate their programs.

More Serious Questions The electoral reverse raises more serious questions. The Socialists' parliamentary majority may be secure; their sense of their own identity is not. Their political strength is evident, but they do not yet fully believe in it.

Mr. Mitterrand, who tries to be reassuring so as to avoid imprudent extremes among the more jittery elements in his party, tells his followers that, with his seven-year presidency and the five-year life of the Socialist parliamentary majority, they have "duration" on their side. The message is not really assimilated. The party remains in an electoral rather than a governing frame of mind. The recent by-elections, unimportant as they were to

the exercise of power, aggravated the tendency. Now the Socialists are worrying about the rural district elections in March.

The Socialists went for decades with hardly a hope of winning power. After finally doing so, the first reverse seems, at least temporarily, apocalyptic.

It may have a maturing effect, however. For one thing, it is likely to stimulate a further effort among the Socialists to decide what kind of a party they want to be. Their members and leaders range from moderate social democrats who want to reform the country, to Marxist Socialists who want to transform it, radically if democratically.

The party's leadership, including Mr. Mitterrand and his prime min-

ister, Pierre Mauroy, are on the center or moderate side. But their policies and their positions, in the long run, will depend on where the Socialist Party finds its center of gravity. This, so far, has been largely determined by Mr. Mitterrand's prudent tactics; in the long run it will depend on the kind of messages the party picks up from the voters.

If the conclusion drawn from the by-elections this month and the district elections in March is that it is the floating center that must be held onto, the message will be for moderation. If the conclusion is that an important part of the Socialist electorate will stay home unless the pace of change picks up, the message will go in a different direction.

Francois Mitterrand

NEWS ANALYSIS

European-style social democratic government behind a screen of Socialist rhetoric.

Although Mr. Papandreu has repeatedly stepped on European and U.S. toes, he has backed off from threats to leave the North Atlantic Treaty Organization and the European Economic Community. At home, Mr. Papandreu has consorted leftist supporters with social and political reforms, while leaving business interests relatively unscathed.

Conservative opponents were quick to criticize what the former defense minister, Evangelos Averoff, called "the government's contradictory policies on critical domestic and foreign issues and its inability to fulfill its pre-election promises." Accusing Mr. Papandreu of having "perfected the tactic of glorifying retreat," Constantine Mitsotakis, a former foreign minister, said that "Papandreu is occasionally compelled to play the lion to give the impression of ful-

Chirac Is Elected To Lead Gaullists

United Press International

TOULOUSE, France — Jacques Chirac, the mayor of Paris, has been elected again as leader of the neo-Gaullist party Rassemblement Pour la République at its national congress. He vowed that a renovated rightist grouping would unseat the ruling Socialists.

Mr. Chirac won 99.1 percent of the members' votes Sunday, giving him the leadership of the party for the third time since it was formed in 1976. He had resigned when he announced his candidacy for president last Feb. 3.

"The state of grace has passed, confidence has changed camps, and... a new stage begins, which, from election to election, must lead us together to victory," Mr. Chirac said at the convention. But he also warned members "to take into account the real change in the attitudes and mentalities of the French," adding, "We must not let ourselves fall into the trap of a spirit of revenge."

Gasoline May Be Scented

Rumors

DARWIN, Australia — Authorities in northern Australia, alarmed by a spate of gasoline-sufficing among aborigines, may put chemical capsules in gasoline drums to make the fuel smell bad.

Andreas Papandreu

ounced civil marriage as "prostitution and adultery" and warning that couples married outside the church would "automatically" remove themselves from its rolls.

The government has also stirred old political embers by granting recognition to the Communist-led anti-Nazi resistance of World War II, by abolishing official commemoration of rightist victories in the 1946-49 civil war and by accelerating the return of nearly 40,000 Greeks who fled to Eastern Europe after the Communist defeat in 1949. Mr. Papandreu's critics argue that such measures are largely psychological and cost-free and are alternatives to far-reaching social change.

The government has drawn sharper partisan criticism for its extensive purges of the civil service, state-controlled radio and television networks and the labor movement. Conservatives have warned that such moves, and the staffing of state machinery with Socialist party stalwarts, are designed ultimately to establish a one-party state. But many Greeks recall that the conservatives often did much the same, or worse, during their seven years in power.

On the social front, the government has moved swiftly. It has started action to lower the voting age to 18, abolish capital punishment, improve prison conditions, legalize abortion, promote equality of the sexes and establish civil marriage. At a stormy protest meeting last week, the country's Greek Orthodox hierarchy denounced civil marriage as "prostitution and adultery" and warning that couples married outside the church would "automatically" remove themselves from its rolls.

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Issues Before Congress Are Seen As Test for Legislators and Reagan

By Helen Dewar

Washington Post Service

WASHINGTON — Congress is facing a politician's nightmare as it returns from vacation: an election-year recession; huge projected deficits that have led to calls for tax increases as well as spending cuts; and a persisting list of other sharp-edged issues from voting rights to school prayer, abortion to decontrol of energy prices.

The congressional agenda will be complicated even further if, as expected, President Reagan proposes in his State of the Union message Tuesday a complex swap of programs and revenue sources by the U.S. government and the states.

Although the budget is expected to be dominant on Capitol Hill again this year, the session will open with consideration of the controversial conservative agenda of "social issues," which were squeezed out by budget matters last year. Proposals to permit school prayer and ban school hus-

ing for racial purposes will come up almost immediately in the Senate, to be followed shortly by anti-abortion measures. The Senate Republican leader, Howard H. Baker Jr. of Tennessee, predicted Sunday that these issues would provide a "tumultuous" kickoff for the session.

Sen. Baker also promised to give

NEWS ANALYSIS

"early priority" to legislation denying tax-exempt status to private schools that practice racial discrimination. That legislation is also expected to generate major controversy.

If these issues facing the second session of the 97th Congress will make life difficult for its members, they also pose more problems and risks for President Reagan, whose political spell held the lawmakers in thrall for most of the 97th's first year of landmark budget and tax cuts.

This year's going to be a lot

tougher for everyone... a real test," according to the chairman of the Senate Finance Committee, Robert J. Dole, Republican of Kansas, forecasting a more partisan atmosphere as the November elections approach and strains resulting from the country's economic problems, including deficit projections of \$100 billion or more over the next few years.

As for the budget, which Mr. Reagan is scheduled to submit to Congress early next month, "to cut again across the board will be much more difficult," said the House Republican leader, Robert H. Michel of Illinois. Rep. Michel, echoing the fears of others, also worries that soaring deficit projections could bring down the whole congressional budget control process, in that Congress will not be able to avoid the deficits but members will be unwilling to vote for the budget resolutions embodying them.

Mr. Reagan will propose more domestic cuts, but further reductions in the so-called discretionary domestic programs are expected to encounter stiff resistance on grounds that there is little left to trim after last year's retrenchment. The other domestic programs, the so-called entitlement or large basic benefit programs, were less severely cut last year and present a more lucrative target, but some lawmakers say the likely resistance to entitlement cuts has been underestimated. Even some Republicans are thus pushing in the only other possible direction, to scale back the president's proposed military buildup, but they say they anticipate strong resistance from the administration.

Sen. Baker and others, however, caution against underestimating the resiliency of Mr. Reagan's popularity in the country and his clout in Congress. Democrats remain fearful, too, that congressional obstructionism could prompt Mr. Reagan to "run against Congress" in bidding for more Republican seats in the November elections. With Social Security solvency already set aside until after the elections, it is possible that other controversial matters may also be shunted off to a postelection "lame-duck" session that is already being predicted as virtually certain.

Problem of Frustration
A problem mentioned repeatedly by Republicans as well as Democrats is frustration over the economy's failure to respond as quickly and as positively as they had hoped. To the economic initiatives that Congress embarked upon last year under prodding from Mr. Reagan.

Even if the recession bottoms out by election time, Congress will be called on to make the grim choice of increasing taxes or approving record deficits. Some members fear that it may wind up doing both.



Thai troops assist border policemen injured in fighting with the private army of a drug trader.

48 Dead in Fighting Between Thai Police, Drug Army

Reuters

BANGKOK — At least 48 persons have been killed in a running battle between Thai border police and the 1,000-strong private army of a Burmese drug smuggler, Thailand's top police official said Monday.

The drive began last week when the police, backed by helicopter gunships, moved against the army of drug warlord Chang Chee-Fu, a Burmese national of Chinese origin who operates heroin-refining factories along the Thai-Burmese border.

At least 10 tons of arms and other equipment have been seized from the private army's strong-

hold, said Thailand's director of police, Suraphol Chulaphram. He said 32 of Mr. Chang's men had been found dead and 50 more were believed to have been killed. Police casualties were 16 dead and 45 seriously wounded.

The police chief said he had information that an unknown number of Mr. Chang's men on the Burmese side of the border plan to retaliate against Thai forces.

Gen. Pow Sarasin, director of the Thai government's narcotics suppression bureau, said the latest offensive would halve heroin production in the border area.

White Zimbabwean Fined in Adultery Case

Reuters

SALISBURY — In the first case of its kind since the end of white rule, a white Zimbabwean farmer has been convicted of adultery with the wife of a black employee.

The farmer, William Munson, 64, paid the equivalent of \$700 in damages to the husband at a village court hearing before 2,000 angry peasants.

Mr. Munson said by telephone from rural Norton on Monday that he had admitted to the charge out of fear. "I consider myself innocent, but I was terribly frightened and confused," he said. "I was surrounded by a hostile crowd."

It was the first time that a white had been tried under African customary law, reintroduced to the rural areas last year by the black majority government of Prime Minister Robert Mugabe. During almost a century of white rule in Rhodesia, African reservations were administered by white district commissioners who presided over civil disputes.

Not Criminal Offense
Under tribal law, adultery is not a criminal offense but provides grounds for a civil case by the cuckolded husband seeking damages.

The hearing took place in a football stadium at Norton, 12 miles (20 kilometers) west of Salisbury, and more than 2,000 peasants turned up to watch, the Herald newspaper reported Monday.

Mr. Munson admitted adultery. The court ruled that the husband was entitled to damages.

"At one stage Mr. Munson said that according to custom he owed him (the husband) nothing more than an apology," the Herald reported. "At this point several spectators volunteered to instruct Mr. Munson on tribal custom."

To cheers from the spectators, the husband demanded 3,000 Zimbabwe dollars (about \$4,200). But Mr. Munson said he could only afford 500 Zimbabwe dollars, and offered to pay half of that in cattle.

The husband rejected the suggestion, so Mr. Munson agreed to pay all the damages in cash and the husband accepted.

The newspaper account concluded: "Both men agreed the case would not affect their working relationship. At the end of the hearing, police escorted Mr. Munson to his car through a hostile, taunting crowd."

Feasting and Fireworks in Far East Mark Opening of the Year of the Dog

United Press International

HONG KONG — Millions of Asians closed up businesses Monday and began a whirlwind of red-trimmed feasting, fireworks and family reunions to mark the start of the Year of the Dog.

Monday's family celebrations followed the huge New Year's Eve feast and a week of house cleaning, a traditional task intended to welcome a desirable household spirit, such as the kitchen god.

Businesses in Hong Kong, China, Taiwan, Malaysia and Singapore plastered their doors with red-paper greetings and began holidays ranging from three days to nearly two weeks.

New clothes with a touch of red — the traditional Chinese color for good luck — and visits to friends and families were in order on the first day of the Year of the Dog, year 4619 on the Chinese lunar calendar. The social round also meant red envelopes filled with money for children as they greeted their elders with the traditional wishes for health, prosperity and longevity.

In Hong Kong, residents awaited a one million Hong Kong dollar (\$177,000) fireworks display over the city's harbor Monday night.

Radio stations were to synchronize their music to the 20-minute show. Clouds of smoke hung over the towns and villages of China as firecrackers and rockets exploded on New Year's Eve.

In Taiwan, New Year's Eve revelers in the eastern city of Hualien had less than welcome noise: the shaking of dishes and other loose items by a small earthquake. No injuries were reported.

In Singapore, thousands thronged the Chinese Gardens for variety shows, lion dances and dog shows.

Celebrations in Malaysia were low key. Merchants reported reduced trade, saying shoppers had less than usual to spend on such traditional delicacies as waxed, dried duck and sausages.

U.S. Rejects Bid By Seamen for Veteran Benefits

Washington Post Service

WASHINGTON — The Defense Department has refused to reclassify World War II merchant seamen as veterans and declare them eligible for some veterans' benefits.

Tidal W. McCoy, assistant secretary of the Air Force for manpower, reserve affairs and installations, ruled last week that the civilian sailors did not meet criteria in a 1977 law that allowed some civilians to be reclassified as veterans.

Although the merchant fleet often sailed in combat areas and more than 6,000 civilian seamen lost their lives when ships were torpedoed, Mr. McCoy classified them with 23 other groups whose retroactive requests for veteran status have been rejected.

The seamen had no reasonable expectation at the time of being classified as veterans, he found, and unlike their counterparts in the Navy were not required to serve for the duration of the war.

David Leff, director of the Joint Maritime Congress, which sponsored the preparation of the mariners' case, said the decision would be appealed.

India President Warns Increasing Violence Threatens Democracy

By Stuart Auerbach

Washington Post Service

NEW DELHI — The president of India, picking up a theme that has been sounded more frequently here, warned in a national address Monday that the continuation of democracy in India is threatened by increasing violence and a growing lack of morality at all levels of government.

"Unless we take immediate action to arrest the disregard of moral values in public life, people's faith in our political system will be undermined," with consequences which are too frightening to contemplate," said Neelam Sanjiva Reddy, India's head of state, in what appeared to be a direct challenge to the government of Prime Minister Indira Gandhi.

Mr. Reddy's radio-TV speech on the eve of the 32d anniversary of the birth of the republic echoed similar cries of gloom that have been coming with increasing regularity over the future of this country.

"Chaos will engulf the republic of India with the next 10 years," wrote the former editor of the Hindustan Times, Hiranmay Karlekar, in a long analysis of the country's malaise published in Sunday's India Express, the newspaper that has been most vocal in its opposition to the Gandhi government.

Janata Coalition

While Mr. Reddy helped form the Janata coalition that overthrew a previous Gandhi government in 1977 and was elected president during the 33 months of Janata rule, he has been largely nonpolitical.

Some of his decisions as president after the fall of the Morarji Desai government in 1979 helped bring Mrs. Gandhi back to power in elections just two years ago.

The same theme appeared Sunday in the pro-government Times of India, where editor Girilal Jain, a Gandhi-supporter, wrote of "the decline of the political process which is the heart of a healthy democracy."

These and other analyses have focused on an increase in political corruption — a subject which Mr. Reddy alluded to but did not mention directly.

Nonetheless, Mr. Reddy's speech took on added importance since it came from the head of state at a time when India generally celebrates its triumphs instead of broadcasting its weaknesses.

Traditionally, the president — who holds a largely ceremonial position — clears his public speeches with the prime minister, who runs the government.

But Mr. Reddy, who says he is retiring from politics to return to

farming when his term ends in six months, has been increasingly critical of the government in speeches over the past six months, and Mrs. Gandhi has been reported to have referred to him as part of the opposition.

Although he has no political following at the moment, Mr. Reddy is widely respected in the country for his role in the independence struggle. The 68-year-old president gave up college a half century ago to join Mohandas Gandhi in the drive to gain independence for India.

"What we find now," Mr. Reddy said, "is the very antithesis of the noble spirit that animated the nation only a few decades ago. May I fervently appeal to all political parties to do some heart searching and endeavor to bring about a regeneration of moral values in our public life," he said.

While listing some of India's successes, especially its industrial development and its newfound ability to feed itself, Mr. Reddy also detailed its failures. India is listed by the World Bank as the 15th poorest on the globe.

The fruits of development are beyond the reach of a large number of India's 680 million people, he said. "Unemployment and underemployment continue to dog us. Per capita income [averaging under \$200 a year] and per capita availability of many essential articles are far short of the goals we had set for ourselves."

He decried the growing violence, especially the attacks on Untouchables by higher caste Hindus and battles between Hindus and Muslims.

Japanese Leader Hopes to Trade Visits With Zhao

Reuters

TOKYO — Premier Zenko Suzuki said Monday that he hopes to exchange visits with Premier Zhao Ziyang of China this year.

In speeches at the start of a parliamentary session, Mr. Suzuki and Foreign Minister Yoshio Sakuragi pledged to strengthen Japan's relations with China, South Korea and other Asian nations.

Both men stressed the need to build stable relations with South Korea. Japan has no diplomatic relations with North Korea, but the foreign minister said the Japanese will continue to pursue trade and cultural exchanges.

Japan also wants closer relations with members of the Association of Southeast Asian Nations, the two men said.

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Austria (air)	115.00	63.00	Malta (air)	115.00	63.00
Belgium (air)	115.00	63.00	Mexico (air)	163.00	92.00
Belgium (sea)	115.00	63.00	Morocco (air)	115.00	63.00
Bulgaria (air)	115.00	63.00	Netherlands (air)	124.00	69.00
Bulgaria (sea)	115.00	63.00	Netherlands (sea)	115.00	63.00
Cyprus (air)	115.00	63.00	Norway (air)	163.00	92.00
Czechoslovakia (air)	115.00	63.00	Pakistan (air)	163.00	92.00
Denmark (air)	115.00	63.00	Pakistan (sea)	115.00	63.00
Egypt (air)	124.00	69.00	Poland (air)	124.00	69.00
Finland (air)	115.00	63.00	Poland (sea)	115.00	63.00
France (air)	115.00	63.00	Portugal (air)	124.00	69.00
France (sea)	115.00	63.00	Portugal (sea)	115.00	63.00
Germany (air)	115.00	63.00	Romania (air)	124.00	69.00
Greece (air)	115.00	63.00	Romania (sea)	115.00	63.00
Hungary (air)	115.00	63.00	South America (air)	163.00	92.00
India (air)	124.00	69.00	South America (sea)	115.00	63.00
Iran (air)	124.00	69.00	Sweden (air)	124.00	69.00
Iran (sea)	115.00	63.00	Sweden (sea)	115.00	63.00
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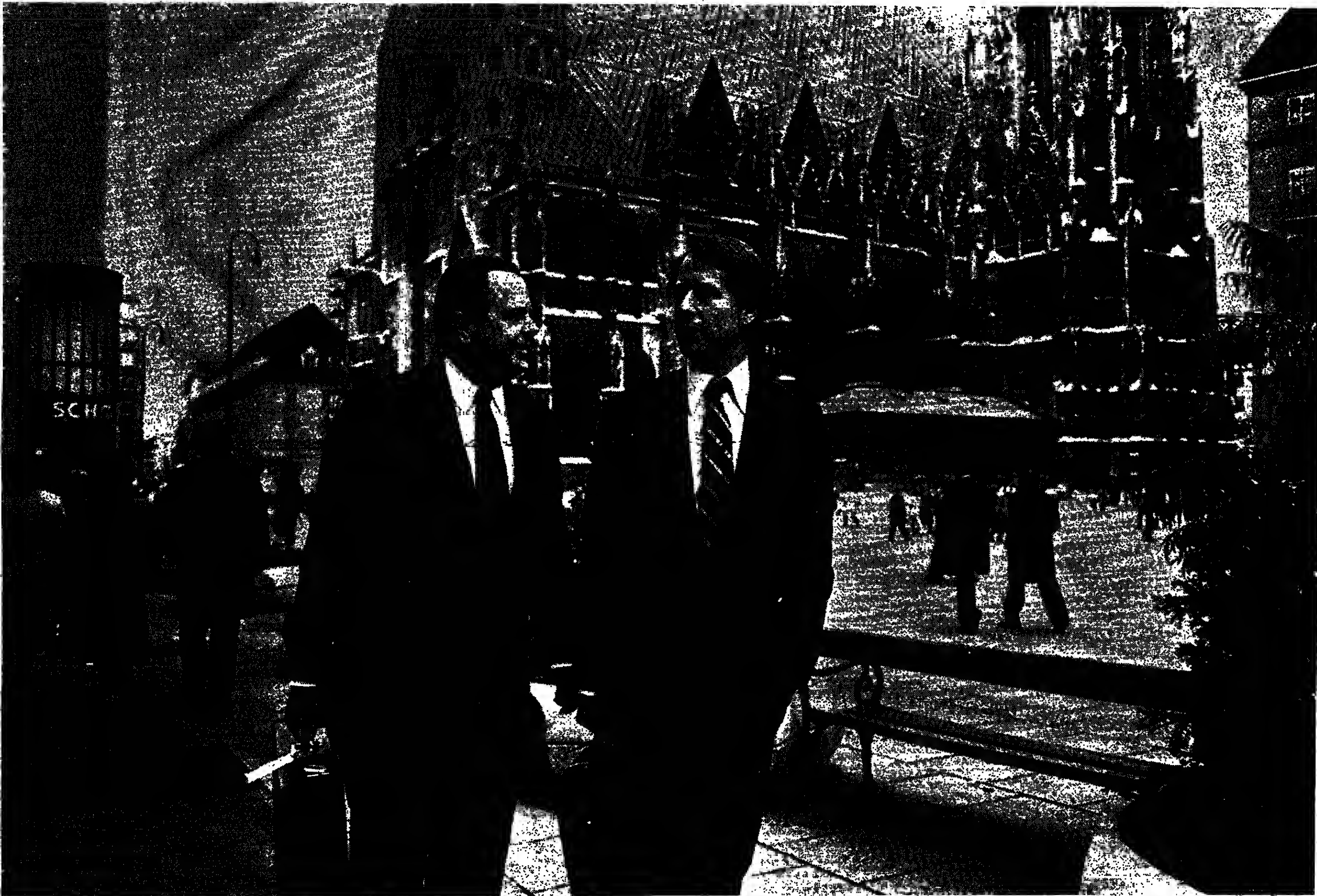
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The Morgan Bank

Bohan Bounces Back at Dior Show

By Hebe Dorsey
International Herald Tribune

PARIS — One does not expect much from Paris couture nowadays — and so far there has not been much either. Gone are the days when the Dior show could stop presses all over the world. Today, it barely stopped the traffic.



Dior's Prince of Wales check.

The staging and decor Monday were very much vintage Dior, even though the collection was moved from the Dior salons to the Hotel de Clugny, decorated with spectacular, ceiling-high obelisks of spring flowers. The music was grandiose, classical and the front row of celebrities explicit.

On one side was the Establishment, with a capital E, with some women who are already in the fashion hall of fame. Around Mrs. Jacques Rouet, the tall, stately, elegant wife of Dior's director, for whom many of those pantsuits and dashing shawls are made, you had Mrs. Georges Pompidou, wife of the former French president, and Mrs. Evan G. Galbraith, wife of the U.S. ambassador to France.

Then up and down the row, ubiquitous Nan Kempner, actress Marie Bell, Lais Gauthier, Mrs. Edmond Bory and Mrs. William McCormick Blair, from Washington.

On the other side, across the generation gap, the young set, led by Princess Caroline of Monaco (she has cut her hair and is wearing red these days) and the Duchess of Cadiz.

Nice Surprises

For the first group, Bohan had nice surprises and some of his best designs — gray suits, with long jackets over carbon-copy satin blouses in bright and cheerful colors. Those long-jacket suits were made of Prince of Wales checks, pin-striped flannels or stiffer gabardines. Bohan showed a lot of stripes, including some strong and graphic black-and-white. He also loved patchwork, which he showed in black-and-white silk for daytime, embroidered and multicolored for evening.

Skirts were short and shoulders strong, but the overall look ended up being softly tailored instead of drastically hard chic. In other

words, easy to wear. Along with the suits, topped by handsome raincoats, Bohan also showed long blouses over narrow, cropped pants that stopped above the high heeled pumps used throughout the show. For evening, Bohan offered brocade dinner suits and curtain-draped jackets over sedate long satin sheaths.

The finger blouse — black lace over black see-through chiffon — under tailored suits was one of Bohan's best ideas. It took the edge off the severity of his lines and also turned a daytime outfit into a dinner suit.

The younger group of customers got brisk, flared or pleated culottes worn with cropped, double-breasted jacket. Also, pleated dresses, with wide flutters of organza around the neck, and pumpkin skirts spreading out of tiny, embroidered busts.

Many of those clothes looked familiar, but Bohan updated them with snakeskin touches — strong obis over narrow silk chemises and whole snakeskin blouses.

Earlier in the day, Cardin opened with a collection that had distinct first-act trouble. As a matter of fact, it looked like better ready-to-wear rather than couture. Fortunately, things picked up toward the end, with the evening dresses designed, as always, by his longtime partner and friend, André Oliver.

The best were those with a knife-sharp look — black columns with stiff, asymmetrical, Winged Victory collars in white pique. The softest were built around the butterfly theme, ranging from butterfly sleeves to whole quilted satin butterfly jackets. Other black dresses had double necklines, the black one filled with a white one. That collection also had yards of glamorous black sequins, with strapless sequined gowns, their deep front slit filled with stacks of pleated ruffles.

Cardin scored with inventive three-dimensional sleeves. Some looked like oversized hearts, others were elliptical, others were like the



Scherrer's romantic look; Cardin's winged gown.

tops of Doric columns. As Mrs. Pompidou, who was there both as a customer and a friend, said: "There's always something new here." However, things were not as rosy between Cardin and Women's Wear Daily publisher John Fairchild, who decided to skip that collection — which, in fashion, amounts to being excommunicated — because, Fairchild said, "Cardin is now in the restaurant business."

Jean-Louis Scherrer's collection was more like a rich desert, with a so-called romantic theme he said was influenced by the Impressionist painters. However, everybody saw it as clearly inspired by Diana.

Princess of Wales. Romantic, frothy lace dresses, with Lady Di frilly necklines, were topped by hooded taffeta capes, all in delicate, pastel colors. Troubadour taffeta pants were held by strands of pearls and satin sashes. Renoir platters of full-blown roses sat on cascading curls. Ruffles alternated with ruffles. Pastel embroidery matched pastel flowers. And if it all sounds too good to be true, maybe it is.

Weinman-Marcus president Philip Miller was there too, not for couture, he said, but for something far more interesting — the opening of a Petrosian caviar boutique in his store.

The rest of the week may offer a lift yet with Ungaro, Givenchy and especially Saint Laurent showing later. It is a turning point for a number of designers as well, with both Scherrer and Saint Laurent celebrating the 20th anniversaries of their houses, while Givenchy is celebrating his 30th. Givenchy will have a retrospective at New York's Fashion Institute of Technology next spring. His current collection, he said, will also be full of designs recalling past successes.

But Saint Laurent will go all out with a party for 1,000 people at the Lido on Thursday, "to thank my people as well as the press who've helped me through the years," he said.

Ashkenazi-Sephardi Tensions Slow 'Integration' of Schools in Israel

By Allyn Fisher
New York Times Service

JERUSALEM — Integration, long a problem in the schools of the United States, has become a controversial issue in Israel. The center of the controversy is this most ethnically diverse city in the nation, with courts continuing to uphold the mingling of Sephardis and Ashkenazis.

Tensions have long been increasing between the Sephardis, Jews of mostly North African and Asian origin, and the Ashkenazis, of primarily European and North American extraction. These strains have spilled over into the nation's classrooms, where parents of children of varied backgrounds oppose integrated attendance.

The difficulties were highlighted in the June election campaign, which ended in the re-election of Prime Minister Menachem Begin. The Sephardis, who account for 60 percent of Israel's population, also make up the overwhelming majority of Israel's lower socioeconomic strata. Many Sephardic youths displayed their opposition to candidates of European origin by vandalizing party headquarters and assaulting some of these politicians.

"What happened during the elections was an expression of the mounting social tensions here," said Gideon Ben-Dror, the Education Ministry's planning director and overseer of the nationwide school-integration policy. He explained this as the impetus behind renewed efforts since last year to reform the educational system, which was mandated by Israel's parliament in 1968.

Goal of Standard Level

Tamar Eshel, Jerusalem's city councilwoman for education, explained that "it is aimed at unifying our people by providing equal opportunities for good education for everyone." She added that the plan was intended to provide a standard level of education to the children of North African and Asian immigrants by shuffling "weaker" and "stronger" pupils together.

The term "integration" as used here is not synonymous with "desegregation" as used in the United States. According to Chaim Adler, a professor of educational sociology at Hebrew University in Jerusalem, it grew out of concern by Israel's "founding fathers" that Sephardic immigrants were not being absorbed into the mainstream of society.

The program as conceived called for moving the seventh and eighth grades out of elementary schools to either the regional high schools or to separate buildings, so that they could incorporate a broader

cross-section of Israel's diverse Jewish population. The nation's Arab primary and secondary students — 20 percent of the total — attend a separate school system.

The reform plan also entailed expanding the junior-high curriculum to include vocational training, so students with a nonacademic orientation would be encouraged to remain in school after the compulsory age of 15, and to maintain an ethnic balance in the schools.

Ben-Dror noted that putting the program into effect has been slow in most parts of the nation, primarily because of expense. According to Yoel Shifman, chairman of the municipal education department, the program was delayed in Jerusalem because of a lag in public construction after the 1973 war. Only two of the city's 12 junior high schools were integrated by 1980, prompting a number of legal battles with parents protesting sending their children to less prestigious, integrated schools while certain neighborhoods were not included in the program.

Gradual Action Upheld

Shifman pointed to a supreme court decision in 1972 that upheld the city's right to integrate the schools in stages, ruling that "gradual was not discrimination."

Last September parents had to be forced by court order to integrate a junior high school. In that incident, 74 seventh-graders from the Beit Hasekel elementary school in Jerusalem's affluent Talbiyah section were reassigned to a junior high school no farther from their homes.

Members of the Talbiyah parents' committee objected to sending their children to the larger Beit Hasekel Junior High School, fearing that the academic level there was not up to the standards of their former school. They argued that ethnically the Beit Hasekel school was already integrated. The

city replied that ethnic integration was not the sole factor.

"Integration is not just a question of ethnicity," explained Mrs. Eshel, "but of sociocultural profile. In Jerusalem, we have many Sephardim who have lived here for years and are very successful socially and economically. So when we speak of integration, we refer to the lower socioeconomic strata, which to our regret are almost completely identified with the immigrants from Eastern countries."

Yonah Bezalet, a Jerusalem high school principal of Sephardic background, agreed that integrating schools in Israel was "not a matter of mixing children from different backgrounds on a 50-50 basis," but rather of "raising the standard of education in the poorer neighborhoods." Shifman added that the Beit Hasekel Junior High School incorporated Jerusalem's disadvantaged Katamon neighborhood, whereas the Talbiyah school's population was predominantly upper middle class.

Earlier concepts of ethnic integration have become blurred by the substantial social and economic progress made by many North African and Asian immigrants, and by intermarriage. According to Chaim Adler, about 25 percent of the marriages are between Ashkenazis and Sephardis.

Shifman plans to put Jerusalem's reform policy into effect in all the public secular junior high schools within four or five years. The religious public schools, which account for nearly 30 percent of the city's 92,100 enrolled schoolchildren, have been exempted from reform because, Shifman said, more than 60 percent of their pupils are already disadvantaged, compared with 35 percent in the secular schools. In addition, according to Shifman, discrepancies in degree of observance among religious schools make it impossible to attempt to redistrict their pupils.

Lyons Opera Produces A Hybrid 'Hoffmann'

By David Stevens
International Herald Tribune

LYONS — Despite the publication a few years ago of a heavily critical edition of "The Tales of Hoffmann" and the spurt of new interest provided by the centenary in 1980 of Offenbach's death, it looks as if it will be some time before there is any agreement, if ever, on an authoritative performing version of the composer's final unfinished work.

The Lyons Opera has just begun the first company in France to base a new production of "Hoffmann" on the recent version by the musicologist Fritz Oeser, published by Alkor of West Germany, but when it came to some hard choices the claims of tradition prevailed over those of scholarship and dramatic coherence, and Lyons ended up with a hybrid version — similar to that presented by the Salzburg Festival — reverting to the Cloudeau edition of 1907 for the Venetian Giulietta act.

A program note points out that the Oeser version of the Venice act is far more extensive and dramatically and musically more complex than the "traditional" version, as well as being the most speculative and hypothetical act in the Oeser version. Another reason seems to have been that the conductor here, Jean-Claude Casadesu, preferred to stick with the Cloudeau edition of this act.

In any case, the Lyons production benefits most of the way from the rediscoveries and restitutions of Oeser, in particular the expansion of the double role of Nicklausse and the Muse, giving the whole work new dramatic sense as well as some newly restored and welcome music.

The staging by Louis Erlo and his designer Robert Flatt for the sets and Patrice Chastetier for the costumes, takes advantage of this new material in a clever and convincing production.

Erlo unites the action and emphasizes the dreamlike quality of Hoffmann's tales about his three loves — Olympia the doll, Antonia the sickly singer, and Giulietta the Venetian courtesan — with a stage-within-a-stage device. Luther's tavern and Hoffmann's listeners remain visible while a second, inner curtain rises on the action of each of the tales.

The role of Stella, the opera singer who is Hoffmann's present love, is linked to the poet's other women by having her transform into Olympia on stage. Hoffmann is constantly present, observing from the tavern when he is not acting in one of his tales, while an extra made up as his nemesis, Councilor Lindorf is always on hand for the denouement of each tale — a device necessary because the singer of all four villains, José Van Dam, is often otherwise occupied.

The depth of the stage for the three tales showed the interior of a theater, which worked most tellingly when the wall of Crespel's house lifted to show Antonia's ghostly mother actually singing on a stage, although it was less relevant in the other two acts.

The Lyons cast is a strong one, with several singers who have appeared in their roles in Salzburg and elsewhere. Van Dam, who seems to go from strength to strength, was in powerful form as Hoffmann's quadruple nemesis, and while the Venice act here was a letdown in dramatic coherence, the compensation was his sweeping singing of the "Diamond" aria — eliminated in the Oeser edition.

Catherine Malfitano sang all of Hoffmann's loves, touching and most vocally radiant as Antonia, and only comparatively less effective as the mechanically doll and a rather overacted courtesan. Colette Allio-Lugaz brought her limpid voice to the double-role of Nicklausse/Muse, more convincing in its feminine aspects than as Hoffmann's androgynous companion.

Alain Vanzo has long been one of France's most dependable lyric tenors, but at the premiere Thursday he was in poor voice, phrasing choppy and often in vocal difficulties, and he cut a rather hangdog figure as the damned poet. René Courcier nicely differentiated the roles of the four servants, Casadesu's conducting was alert and energetic, although there were occasional gaps of communication with the stage.

It would be a shame if this were to be left as the last local word on "Hoffmann," and Erlo, director of the Lyons company, made it clear that he considers his task unfinished. Indeed, a program note says that the Lyons Opera "promises itself" to mount the complete Oeser version at some later time.

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Hitler's Giant-Railway Plan

The Associated Press

BONN — Adolf Hitler's megalomania did not stop at giant rallies and oversized buildings, a new book has revealed. Hitler wanted to leave his mark on railways too — building a giant network of outside tracks more than nine feet wide from Russia to France.

The wagons running on them were to be eight times the size of traditional carriages, equipped and built like houses.

The man who has now disclosed these and other details of the out-

size project, Munich railway official Anton Joachimsthaler, first stumbled across the Führer's plans for a giant railway three years ago.

The book says Hitler first hit upon the idea in 1941 in the euphoria of his initial success in battling Russia. The late Albert Speer, designer of Hitler's megalomaniac after World War II and architect of the Führer's plans to rebuild Berlin and other cities as monuments to his own glory, said giant stations planned for the outside railway should "overcome or, rather, literally 'hit' [travelers] with the power of the Reich."

But Saint Laurent will go all out with a party for 1,000 people at the Lido on Thursday, "to thank my people as well as the press who've helped me through the years," he said.

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Toyota to Acquire Sales Unit in Bid for Competitiveness

By Steve Lohr
New York Times Service

TOKYO — Toyota, in a move designed to strengthen its competitive position in the world auto market, said Monday it will acquire its marketing arm, Toyota Motor Sales.

The merger, which becomes effective July 1, was announced at a hastily called press conference in Nagoya after a week of speculation in Japanese newspapers that such a move was imminent and hectic trading in the shares of Toyota Motor Sales. In recent days, the stock price of the sales company has jumped from about 650 yen to 813 Monday.

At the press conference, Eiji Toyoda, the 68-year-old president of Toyota, and his nephew, Shoichiro Toyoda, the 56-year-old president of Toyota Motor Sales, stressed that the two companies and their employees will be treated as equals under the merger "in all considerations for each company."

But Toyota, Japan's largest automaker, will be the surviving corporate entity, while Toyota Motor Sales will be dissolved. The combined company will be named Toyota Motor Co.

The financial terms of the merger have not yet been decided, the company said in a prepared statement. Also, the appointment of the top executives in the combined enterprise still has to be decided.

Mergers are extremely rare in Japan, and the prospect of bankruptcy is the usual cause. The Toyota merger is an exceptional case.

Toyota was established in 1937. It was separated into production and sales divisions in 1950, at the urging of the Bank of Japan, because of financial difficulties shortly after the war.

Toyota reported after-tax profit of 132.7 billion yen (\$586 million) in the business year ended June 30, 1981, on sales of 2.5 trillion yen. Toyota Motor Sales reported after-tax profit of 30.5 billion yen in the business year ended March 31, 1981, on sales of 3.9 trillion yen.

Toyota holds 44 percent of the shares of Toyota Motor Sales. Toyota produced 3.22 million cars last year, compared with 2.58 million for Nissan, Japan's No. 2 automaker.

Increased Production

Toyota, like other Japanese automakers, is confronting restraints to its growth both domestically and overseas. The industry is facing saturation of the domestic market and trade frictions abroad. Yoshiyasu Nao, deputy director of the Ministry of International Trade and Industry's automobile division, said in a recent interview.

Toyota's car production total in 1981 was down 2.2 percent from the 1980 level, the first decline in seven years. Nissan's total output also dropped slightly in 1981 for the first time in four years.

With new growth becoming more difficult, some analysts in Japan think that Nissan, which has been more aggressive in making investments abroad, might have an edge. In response to a question at the Nagoya press conference, Eiji

Toyoda said the merger might lead to increased production of Toyotas overseas.

Some analysts said that smoothing over problems within the Toyota companies may be another objective of the merger.

"There have been complaints about Toyota Motor Sales management, from both inside and outside the company, and I think that is one reason for the merger," said Hisamichi Sawa, a vice president of Bache Halsey Stuart Shields of Japan.

Mr. Sawa said that there were "quarrels" within the company and complaints from some dealers and distributors after the late Shotauro Kamiya, president of Toyota Motor Sales since it was established, resigned in 1979. Some members of the marketing company, accustomed to Mr. Kamiya's management, apparently found Shoichiro Toyoda's style abrasive.

As a single company, analysts add, the coordination between the sales and production arms of the business is likely to improve.

Plant in Taiwan

TAIPEI (Reuters) — Taiwan has reached tentative agreements with both Toyota and Nissan for a joint-venture plant with capacity of 200,000 cars a year. T.K. Liu, chairman of China Steel, said Monday.

The agreements have to be submitted to the Ministry of Economic Affairs, which will then choose which company will be the joint-venture partner.

Volcker Rules Out Easier Fed Policy



Paul Volcker

WASHINGTON — Federal Reserve Board Chairman Paul A. Volcker, rejecting criticism of the central bank's policy, said Monday that lasting economic recovery is only possible through tighter fiscal measures, not an easing of monetary restraints.

The Fed chief, who has been the target of recent complaints by administration officials, urged the White House and Congress to lower federal deficits as "a key... that will make recovery possible."

Speaking before a National Association of Home Builders convention in Las Vegas, he said, "I am convinced we cannot let up now in our anti-inflation effort."

Mr. Volcker said an easing of monetary policy now would mean

Deutsche Bank Unit Sets Polish Provision

FRANKFURT — Deutsche Bank Compagnie Financière Luxembourgeoise has made large provisions in its accounts for risks arising from credits to Poland, managing director Eikehard Störck said Monday.

Mr. Störck gave no figures, but the bank's annual report for the year ended Sept. 30 shows provisions for contingencies of 356 million Luxembourg francs (\$81 million), compared with the previous year's 150 million.

The report said the bank showed a profit of 758.3 million francs for the year ended last September. It broke even the year before.

Mr. Störck said the provisions for Polish exposure were made and approved by the bank's auditors, and the accounts were drawn up

Eurodollar Futures Pose U.S. Tax Snag

By H. J. Maidenberger
New York Times Service

NEW YORK — A potentially explosive problem has developed in U.S. tax treatment of gains and losses in the new Eurodollar futures contracts.

Unlike other commodities futures, the Eurodollar contracts contain no provision for physical delivery of goods.

As a result, questions have arisen about whether cash, which will be used to settle the contracts, may be considered personal property for tax purposes.

Also, there is the problem of determining whether the trading profits and losses in Eurodollar contracts should be considered the result of a regular commodity transaction or of wagering.

This week, the Treasury and commodity exchange officials are scheduled to meet to discuss the questions.

"They better come up with some answers pretty soon, or people who have traded Eurodollar futures will not be able to properly prepare their tax returns for 1981," said Steven Oppenheim, partner in the national accounting firm of Oppenheim Appel Dixon & Co.

The same view was voiced on Friday by Donald Shapiro, partner in the law firm of Barrett Smith Shapiro Simon & Armstrong. A frequent consultant to Congress on commodity industry matters, Mr. Shapiro said the problems "stem from the fact that the new Eurodollar futures are the first exchange-traded commodities that have no provision for the delivery of the underlying goods, and thus are not covered, for tax purposes, by existing regulations."

"Moreover," he said, "the Mid-America Commodity Exchange will start trading in Treasury bill futures on a non-delivery, or cash-settlement basis next month."

Soon afterward, futures with cash-settlement provisions will be traded on various stock markets. Mr. Shapiro said the problems "stem from the fact that the new Eurodollar futures are the first exchange-traded commodities that have no provision for the delivery of the underlying goods, and thus are not covered, for tax purposes, by existing regulations."

The problems are traced to the administration's

Economic Recovery Act of 1981, which eliminated the use of commodity futures in so-called straddles, a trading strategy designed to reduce tax liability.

The tradeoff in closing this tax loophole was that commodity speculators would no longer be subject to long- or short-term capital gains provisions of the tax law. Instead, 60 percent of the gains or losses on all transactions would be treated as long-term and 40 percent as short-term, without regard to any time element.

"Fine," Mr. Shapiro said. "But the law said that, in effect, the 60-40 rule applies only to futures transactions in any commodity in which the contract requires the delivery of personal property, or a position, such as a straddle, in personal property."

"However, cash is not considered personal property but as a medium of exchange for tax purposes," he said. "When the tax law was written last summer, apparently no one thought about the Eurodollar futures that were due to start trading later in the year."

The problem is that the Eurodollar futures, first traded early last December in Chicago, specifically require no delivery of these funds. Rather, the Chicago Mercantile Exchange uses an average of the Eurodollar rates quoted by leading London banks on the day a contract expires to determine the cash settlement price of the futures.

Mr. Oppenheim said that "in many states that follow the federal tax law interpretation of a regulated futures transaction, the gains and losses on Eurodollars could be considered the results of wagering because these deals cannot result in the exchange of personal property — and cash is not considered personal property in this respect."

He also observed that wagering losses can only be deducted from established profits, while losses in futures trading may be applied against any income. Also, wagering profits are taxable as ordinary income.

One possible solution offered by Mr. Shapiro would be for the Eurodollar contracts to be settled in some commodity other than cash, perhaps gold bullion.

NYSE Prices Decline On Money Supply Rise

NEW YORK — Prices on the New York Stock Exchange closed on the down side Monday but a blue-chip rally ended the deterioration that set in following an unexpected rise in the money supply.

The Dow Jones industrial average opened off six points and dropped three more by midday. It turned around in the last hour to close off 2.22 points at 842.74. Declines overwhelmed advances by a 10-to-4 margin, while volume totaled 43.17 million shares, compared with 44.37 million traded Friday.

Analysts called the upturn strictly technical as the background news, particularly regarding interest rates, was almost entirely negative.

Stocks were off from the opening bell as investors reacted to the \$700 million increase in the M-1 measure of the money supply for the week ended Jan. 13 and the upward revision of the previous week's measure to \$10.4 billion from \$9.8 billion.

M-1 growth is currently more than 10 percent above its target for the year. Monte Gordon of Dreyfus Corp. said the Federal Reserve is almost certain to tighten monetary policy.

Tightening by the Fed could push interest rates up and that trend was forecasted by increases in the broker loan rate by Continental Illinois and U.S. Trust to 15 percent Monday.

Federal funds rates banks charge one another for overnight loans rose to 15 percent from 13 percent Friday before the Federal Reserve supplied funds to push them down a bit.

Many traders were fearful money supply surge and rise in other short-term charges would push the prime rate would up from its present 15 percent level, creating more uncertainty in the investment community.

With money market instruments yielding more than 10 percent, many investors were pulling their cash out of stocks.

The market seemed to run out of sellers in the afternoon, according to Michael Metz of Oppenheimer & Co. He said many institutions are apparently underinvested and so started searching for bargains, buying prices in the process.

Chester Pado of G. Tsai & Co. also noted that the light volume may have encouraged investors. "When supply didn't come out below the critical \$40 support level, it gave the bulls some heart," he said.

The late rally focused on blue chip stocks and issues involved in takeovers, rumored or otherwise. Brunswick was the biggest gainer, rising 5 1/4 to 24 1/4 after a late opening. Whittaker plans to offer \$26.50 a share for 49 percent of Brunswick's stock, and a court denied Brunswick's request for an order blocking the offer.

M-1 growth is currently more than 10 percent above its target for the year. Monte Gordon of Dreyfus Corp. said the Federal Reserve is almost certain to tighten monetary policy.

AT&T Chief Sees 10% Rise In Local Calls

WASHINGTON — Chairman Charles L. Brown of American Telephone & Telegraph predicted Monday that local U.S. telephone rates will rise between 8 percent and 10 percent a year following the agreement reaching AT&T to divest itself of its local telephone companies.

At the Senate Commerce Committee, Mr. Brown said the consent decree of Jan. 8 has little direct effect on local telephone rates, which will remain under regulation by state public utility commissions.

He said the average monthly rate for local service throughout the country has been \$10 and has been rising by about 4 percent a year, which he noted was below the inflation rate.

He said he expected the \$10 rate to increase "under a dollar" a month in each year for the next few years — with the first year about \$11 a month and the second year \$12 a month.

He said he gave his reasons for the increase as inflation, accounting changes, and faster depreciation in the highly-competitive telecommunications industry.

Widespread Concern

On the monthly increase, which has caused widespread concern in Congress and throughout the states following the government-AT&T agreement, he said the consent decree itself "has little or nothing to do with that situation."

Elaborating on the consent agreement, Mr. Brown said yellow pages revenue will be part of AT&T revenue but that AT&T will be buying telephone listings from local companies in connection with that advertising service which will offset local revenue losses.

Members of the Senate Committee, including Chairman Bob Packwood, Harrison H. Schnitz, Republican of New Mexico, and Donald W. Riegle Jr., Democrat of Michigan, expressed concerns about local rates and said it was the intention of the Senate when it passed a telecommunications bill last year to make sure that local rates did not go up.

On the yellow pages matter, Mr. Packwood noted that the bill called for a five-year phaseout from local jurisdictions.

He asked Mr. Brown whether AT&T would be willing to look at a phaseout and Mr. Brown said, "We certainly will take a look at that."

Mr. Packwood said he hoped AT&T would do more than just look, since the yellow pages form part of the local revenue base in adjusting telephone rates.

U.S. Dollar Climbs on Rates Differential

LONDON — The dollar closed sharply higher Monday, despite losing some of its afternoon gains, dealers said.

The strength of the dollar "reflected higher U.S. interest rate differentials compared with Europe and further considerations of the lower U.S. inflation figures announced Friday," a London money broker said.

The Federal Reserve reported late Friday that the M-1 measure of the money supply rose \$700 million in the week ending Jan. 13, surprising many traders who had expected a decline and prompting expectations of a further tightening of U.S. credit policy to bring the measure under control.

Eurodollar deposit rates, up almost a point after the money supply increase, pushed the dollar higher.

Dealers said Western European central banks intervened in the

market in bouts of substantial dollar selling, but dealers said it was doubtful whether their operations can put more than a temporary brake on the dollar in view of the wide interest rate differentials between Western Europe and the United States.

News late in the European trading day that the Federal Reserve added reserves to the U.S. banking system sapped strength from the U.S. currency and pushed it back down to midsession levels.

The dollar closed at 2.3367 Swiss francs, down from a mid-afternoon high around 2.3420 but well above Friday's close of 2.3092.

The dollar closed at 1.8670 Swiss francs and 229.32 yen after closing Friday at 1.8540 and 227.30, respectively. The British pound lost ground to the dollar as well, closing at \$1.8560 against \$1.8707.

Gold closed in London at \$372.25 an ounce, just above the afternoon fixing of \$372 but off \$3.25 from Friday's closing \$375.50, dealers said.

Dealers said the market appeared to find support near the \$370 level.

CURRENCY RATES

Interbank exchange rates for Jan. 25 1982, excluding bank service charges.

	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.
Amsterdam	2.3455	2.3455	2.3455	2.3455	2.3455	2.3455	2.3455	2.3455	2.3455
Bremen (to)	3.72	3.72	3.72	3.72	3.72	3.72	3.72	3.72	3.72
Frankfurt	2.341	2.341	2.341	2.341	2.341	2.341	2.341	2.341	2.341
London (to)	1.8718	1.8718	1.8718	1.8718	1.8718	1.8718	1.8718	1.8718	1.8718
Madrid	168.55	168.55	168.55	168.55	168.55	168.55	168.55	168.55	168.55
New York	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Paris	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596
Stockholm	1.877	1.877	1.877	1.877	1.877	1.877	1.877	1.877	1.877
ECU	1.4961	1.4961	1.4961	1.4961	1.4961	1.4961	1.4961	1.4961	1.4961

	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.	U.S.
Australia \$	0.8934	0.8934	0.8934	0.8934	0.8934	0.8934	0.8934	0.8934	0.8934
Belgian franc	16.42	16.42	16.42	16.42	16.42	16.42	16.42	16.42	16.42
Canadian \$	1.1925	1.1925	1.1925	1.1925	1.1925	1.1925	1.1925	1.1925	1.1925
Denmark krone	7.4607	7.4607	7.4607	7.4607	7.4607	7.4607	7.4607	7.4607	7.4607
French franc	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596	6.5596
German mark	3.7564	3.7564	3.7564	3.7564	3.7564	3.7564	3.7564	3.7564	3.7564
Italian lire	2036.27	2036.27	2036.27	2036.27	2036.27	2036.27	2036.27	2036.27	2036.27
Japanese yen	163.89	163.89	163.89	163.89	163.89	163.89	163.89	163.89	163.89
Netherlands guilder	3.7603	3.7603	3.7603	3.7603	3.7603	3.7603	3.7603	3.7603	3.7603
Portuguese escudo	200.48	200.48	200.48	200.48	200.48	200.48	200.48	200.48	200.48
Spanish peseta	166.37	166.37	166.37	166.37	166.37	166.37	166.37	166.37	166.37
Swedish krona	4.6634	4.6634	4.6634	4.6634	4.6634	4.6634	4.6634	4.6634	4.6634
Swiss franc	2.3367	2.3367	2.3367	2.3367	2.3367	2.3367	2.3367	2.3367	2.3367
U.S. dollar	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

BBL Banque Bruxelles Lambert Bank Brussel Lambert

Consolidated balance sheet: 1980-81 financial year and earlier figures

	31.3.1976	30.9.1980	30.9.1981
(in billions)	BF	BF	BF US \$
Balance sheet total	396.6	752.7	924.2
Deposits of customers	216.1	355.5	400.4
Deposits of banks	141.2	325.0	431.3
Loans to private sector	169.4	332.1	376.9
Loans to public sector	110.1	173.7	206.2

Continued expansion of activities Improvement in operating profit

Banque Bruxelles Lambert and its subsidiaries pursued their expansion despite a difficult economic environment.

- The total of the (consolidated) balance sheet increased by 22.8%: deposits of customers rose by 12.6%, and those of banks by 32.7% (part of this growth was due to the appreciation of the U.S. dollar).
- The (consolidated) total of loans to the private sector increased by 13.5%.
- BBL abroad: the opening of the Singapore branch justified earlier hopes; the performance of the Milan branch, which has been particularly active in the management of syndicated lira loans, continued to be highly satisfactory; and further expansion took place at Banque Bruxelles Lambert (Suisse), Bank Brussels Lambert (U.K.) and Banque-Louis-Dreyfus.
- International banking: 5th place in the 1981 world ranking of financial institutions having managed or co-managed Eurobond issues: an increased volume of foreign exchange dealings; and

an expansion of international finance, especially in the foreign trade area.

The results of the financial year that ended on 30 September 1981 reflected an improvement in the Belgian franc interest-rate spread, increases in commission income, as well as a strict control of overhead costs.

The (consolidated) cash flow amounted to BF5,815 million, as compared with BF4,249 million the previous financial year (+36.9%). After deductions for taxation (BF734 million), depreciation and provisions for general risks (BF3,969 million), the (consolidated) net profit amounted to BF1,112 million for the 1980-81 financial year, as against BF512 million for 1979-80.

It will be proposed to the Annual General Meeting of Shareholders on 11 February 1982 that a dividend of BF70, net of withholding tax, be paid on the 5,432,500 shares.

The Annual Report may be obtained on request from the General Secretary's Department, Banque Bruxelles Lambert, Avenue Marnix 24, B-1050 Brussels

Banque Bruxelles Lambert is the Abecor (Associated Banks of Europe) bank in Belgium.

Minister Says Bulgaria Seeking Trade in Gulf

DUBAI, United Arab Emirates — Bulgaria wants to set up commercial ties with states in the Gulf area, including Saudi Arabia, and has agreed to establish a trade center in the United Arab Emirates, Bulgarian Foreign Trade Minister Khristo Khristov said Monday after a two-day visit here.

Of the Gulf states, only Kuwait has any diplomatic relations with the Eastern bloc, Mr. Khristov previously spent two days in Kuwait.


Visible Trade Surplus Increases in Britain

LONDON — Britain's visible trade balance showed a £331 million surplus in December after a revised surplus of £51 million in November, the Trade Department said Monday.

Exports slipped to £4.70 billion in December from £4.79 billion in November, while imports fell to £4.37 billion from £4.74 billion.


NYSE Nationwide Trading Closing Prices Jan. 25

Tables include the nationwide prices up to the closing on Wall Street.

[illegible][illegible]

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(Continued on Page 12)

- Sales figures are unaffiliated
- New Year's Eve, New Year's High
- Unless otherwise noted, rules of dividends in the foregoing tables are annual distributions based on the last quarterly dividend declaration. Stockholders or equity holders of companies not designated as regular are identified in the following footnotes.
- **a**—Also extra or extras. **b**—Annual rule plus stock dividend. **c**—Liquidating dividend. **d**—Declared or held in arrears at meeting. **e**—Declared or paid after stock dividend or split-up. **f**—Dividend declaration. **g**—Stock dividend or extra dividend at last dividend meeting. **h**—Declared or paid this year, on an accumulative basis with dividends in arrears. **i**—New issue. **j**—Declared or paid in preceding 12 months plus stock dividends. **k**—Paid in preceding 12 months, estimated cash value of stock dividend or ex-dividend or ex-dividend date.
- **a**—Ex-dividends or ex-rights. **b**—Ex-dividend and stock in hand.
- **a**—Splits in full.
- **a**—Called. **b**—When distributed. **b**—When issued. **c**—When received. **d**—Without warrants. **e**—Ex-dividend or ex-dividend date.
- **a**—In bankruptcy or receivership or being reorganized or in liquidation.

Japan Vows Quick Action On Imports

By James Foley

TOKYO — Japanese Premier Zenko Suzuki and Foreign Minister Yoshio Sakuruchi vowed Monday to lower trade barriers quickly, as talks with the EEC opened on European demands for the Japanese to buy more EEC goods.

The Japanese officials said that protectionist forces were gathering because of charges that Japan shielded its home market from imports while flooding the world with exports.

In addition to their advancing inflation, economic stagnation and growing unemployment, the countries of Europe and the United States continue to bear numerous difficulties such as balance of payment disequilibrium," Mr. Suzuki told the parliament.

Mr. Sakuruchi, saying that economic friction between Japan and the United States and Western Europe has become a major issue, added, "The tendency to protectionism is becoming increasingly strong."

The two ministers spoke at five days of trade talks opened with the EEC, which last year recorded a \$10.3 billion trade deficit with Japan.

French Foreign Trade Minister Michel Jobert was quoted by a Japanese newspaper as saying that



Zenko Suzuki

France would be forced to take determined counter-measures if Japan did not adopt specific measures to correct the present trade imbalance.

"All we are strongly interested in is to achieve a balance in (bilateral) trade without fail," Mr. Jobert said.

During the EEC-Japan talks, the European side called on Japan to rectify the trade imbalance quickly by increasing imports of manufactured goods, Japanese government sources said.

Raymond Phan Van Phi of the directorate of external relations of the EEC commission was quoted as saying that the present one-sided situation should not be allowed to continue.

Competing Claims Mean India Loses Battle on World Bank Loans

By Stuart Auerbach

NEW DELHI — The Indian government has lost its battle to retain its 40 percent share of World Bank interest-free loans in the face of more pressing claims on the shrinking pot of available funds by even poorer nations.

While the bank is unlikely to cut the total amount of funds available to India, World Bank President A.W. Clausen said at the end of a five-day visit here last week that New Delhi will have to pay as much as 13-percent interest for an increased portion of World Bank funds.

The new World Bank president said India is creditworthy and can better afford to pay interest than other developing nations, especially some of those in sub-Saharan Africa.

While the World Bank decision came as no surprise to the Indian government, it was described as "unhappy" with Mr. Clausen's news.

The government of Prime Minister Indira Gandhi had sought to use Mr. Clausen's visit to persuade

him that it should continue to receive what India regarded as its traditional 40-percent share of interest-free loans from the International Development Association, the World Bank's soft loan affiliate.

Planning Minister S.B. Chavan, for instance, stressed the importance of a continued flow of concessional funds from the association for the success of India's present five-year plan, and Finance Minister Pranab K. Mukherjee told Mr. Clausen, "We are disappointed that the IDA program currently faces grave difficulties."

The Indians blamed the development association's \$1.5 billion shortage on cuts in the United States' commitment to the soft loan program.

Clausen Diplomatic

Mr. Clausen, former president of the Bank of America, who took over the World Bank post last year, was more diplomatic. He ascribed the shortage to "economic budget constraints" among the donor nations. The United States is the largest single contributor to the

World Bank, providing more than 20 percent of its funding.

India, on the other hand, has been the largest recipient of World Bank funds, getting \$13 billion over the past three decades, Mr. Mukherjee spoke during an after dinner speech Tuesday of India's "special relationship with the World Bank."

Yet the Gandhi government appears concerned that this relationship may be threatened by competing claims on World Bank funds, especially now that China is becoming eligible, and the worsening climate for foreign aid.

Mrs. Gandhi has called a meeting here next month of 34 developing nations to devise strategies to

wrest more aid from the richer nations of the world.

But while they rarely say so officially, other have-not nations were reported to have complained to the World Bank that India is getting too great a share of the shrinking pot of development aid.

Complaints Reported

Besides World Bank funds, for instance, India is the largest single beneficiary of European Economic Community aid to Third World nations — \$42 million, or about 23 percent of the total going to non-member nations.

It is also the largest borrower of soft loans from OPEC, having received \$88.6 million from the oil-rich states during the second quarter of last year alone.

Furthermore, India has just received the largest loan in the history of the International Monetary Fund — \$6 billion spread over three years at concessional interest rates of 9 to 10 percent.

But U.S. aid to India is due to drop next year under the Reagan administration cutback by more than \$60 million to \$215 billion. India had expected to get \$1.6

billion in International Development Association interest-free loans, but it now appears it will get about half of that — \$840 million.

Thus if India wants to finance the planned development projects through the World Bank it will have to go to its hard loan window and pay about 13-percent interest.

While the World Bank considers India the 15th poorest nation in the world with a per capita income of less than \$200 a year, Mr.

Clausen said it has a good credit rating and can borrow at close to commercial rates of interest.

"India has that alternative and therefore its percentage [of IDA loans] has got to drop," Mr. Clausen said.

He reassured India, however, that it would not be graduated completely out of the soft loan market — something Indian officials have feared the Reagan administration wants.

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DOLLAR (Can.)	17 %
PESETA (Spain)	15.25 %
DOLLAR (U.S.)	15 %
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FRANC (French)	18.25 %
MARK (Deutsch)	12.75 %
FRANC (Swiss)	9.5 %

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Merrill Lynch Inquiry Leads To Firing of Two Executives

By James L. Rowe Jr.

NEW YORK — Merrill Lynch, Pierce, Fenner & Smith has fired two of its top executives who allegedly used the firm's buying power to inflate the value of securities Merrill Lynch already owned.

The two executives, J. Barris Lepley Jr., head of the company's arbitrage department, and Warren M. Chose, the department's chief trader, were "terminated" Jan. 15 for "a violation of corporate policy," a Merrill Lynch spokesman said.

On Christmas Eve, the day Merrill Lynch closed its 1981 books, the executives allegedly bought large amounts of options — securities that give owners the right to buy or sell a stock at a particular price — in an attempt to boost the value of similar options that Merrill Lynch's arbitrage department already owned. Arbitrators are paid on the basis of the profits they make for the company.

One Wall Street source noted

that even though the value of the options bought on Dec. 24 declined the next trading day, persons used to taking big risks would feel they could easily make it up.

Otto Obermaier, the attorney for the two men, said he has not had access yet to the order tickets or talked to officials at the stock exchanges involved. He said he would not permit his clients to be interviewed but expects that when everything has died down they "will continue to be" respected members of the financial community.

Arbitrage departments at brokerage firms make their profits by guessing which way stock or option prices will go.

The heavy volume of orders by Merrill Lynch to both the Chicago Board Options Exchange and the American Stock Exchange prompted those exchanges to investigate. Merrill Lynch conducted its own evaluation and reportedly has turned over the results to the Securities and Exchange Commission.

Amsterdam	Close	Prev.	Change
ABN	26.00	26.00	0.00
ALCO	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
AMV	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00

Brussels	Close	Prev.	Change
ABN	26.00	26.00	0.00
ALCO	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
AMV	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00

Frankfurt	Close	Prev.	Change
ABN	26.00	26.00	0.00
ALCO	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
AMV	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00

London	Close	Prev.	Change
ABN	26.00	26.00	0.00
ALCO	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
AMV	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00

Milan	Close	Prev.	Change
ABN	26.00	26.00	0.00
ALCO	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
AMV	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00

Paris	Close	Prev.	Change
ABN	26.00	26.00	0.00
ALCO	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
AMV	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00

Other Stock Markets	Close	Prev.	Change
Amsterdam	26.00	26.00	0.00
Brussels	25.00	25.00	0.00
Frankfurt	25.00	25.00	0.00
London	26.00	26.00	0.00
Milan	25.00	25.00	0.00
Paris	26.00	26.00	0.00
Rome	25.00	25.00	0.00
Stockholm	25.00	25.00	0.00
Zurich	25.00	25.00	0.00

Sydney	Close	Prev.	Change
ABN	26.00	26.00	0.00
ALCO	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
AMV	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00

Tokyo	Close	Prev.	Change
ABN	26.00	26.00	0.00
ALCO	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
AMV	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00

Zurich	Close	Prev.	Change
ABN	26.00	26.00	0.00
ALCO	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
AMV	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00

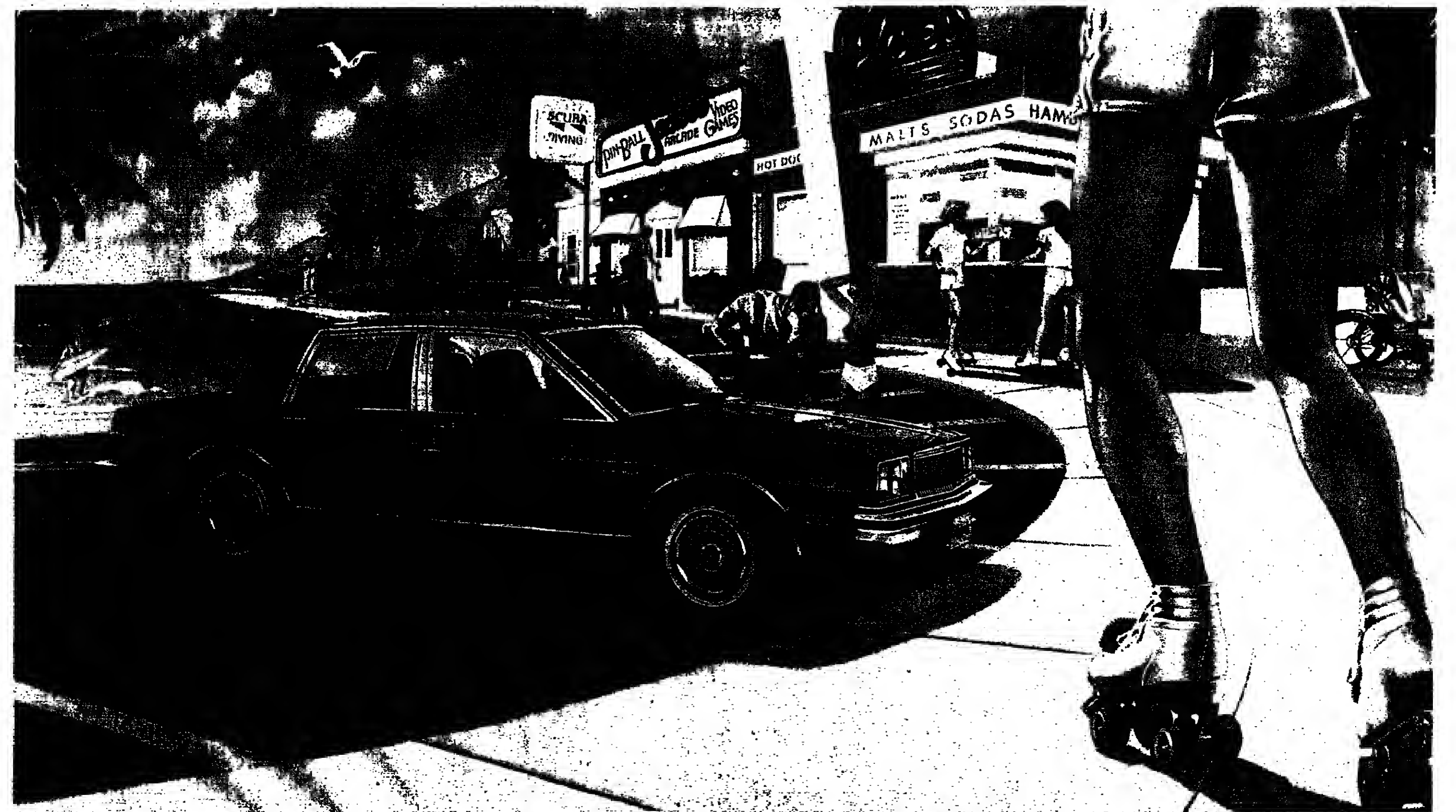
Other Stock Markets	Close	Prev.	Change
Amsterdam	26.00	26.00	0.00
Brussels	25.00	25.00	0.00
Frankfurt	25.00	25.00	0.00
London	26.00	26.00	0.00
Milan	25.00	25.00	0.00
Paris	26.00	26.00	0.00
Rome	25.00	25.00	0.00
Stockholm	25.00	25.00	0.00
Zurich	25.00	25.00	0.00

Sydney	Close	Prev.	Change
ABN	26.00	26.00	0.00
ALCO	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
AMV	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00
Alph. Holl.	25.00	25.00	0.00



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THE NEW AMERICANS FROM GENERAL MOTORS

CHEVROLET PONTIAC OLDSMOBILE BUICK CADILLAC

Edited by Eugene T. Maleska



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HIGH		LOW	
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BLONDIE

January 25, 1982

BEE TLE
BAILLEY

ANDY CAPP

THAT SCRAMBLED WORD GAME

by Henri Arnold and Bob Lee

NILER

© 1981 The McGraw-Hill Companies, Inc.

SUMIN

GARCHÉ

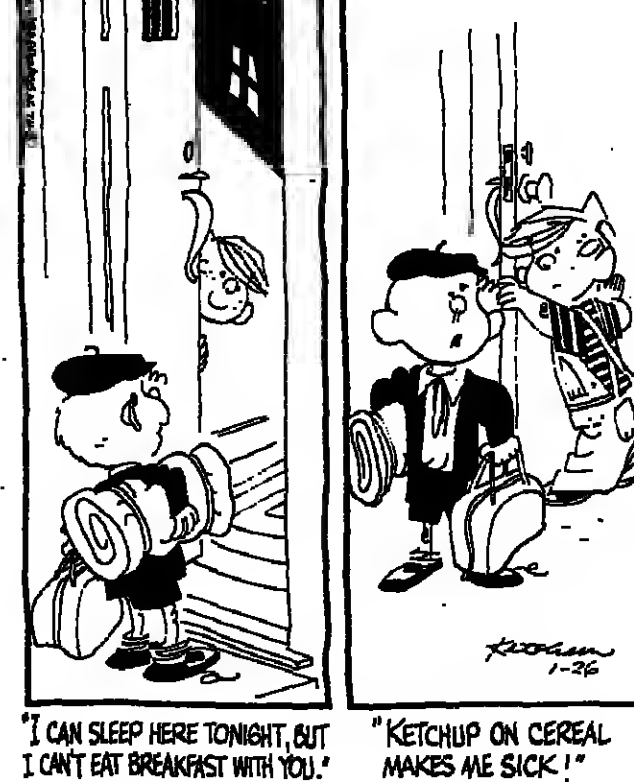
NAPMEN

METAL DEVICES THAT HELP KEEP LOCKS IN PLACE.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Yesterday's Jumbles: POUND FELON BALLET HOOKUP
 Answer: The skeleton was burning the midnight oil because he wanted to do this—BONE UP

DENNIS THE MENAC



"I CAN SLEEP HERE TONIGHT, BUT I CAN'T EAT BREAKFAST WITH YOU."

"KETCHUP ON CEREAL MAKES ME SICK."

I CAN'T EAT BREAKFAST WITH YOU: MAKES ME SICK!

BOOKS

BETWEEN TWO WORLDS

By Simone Schwarz-Bart. Translated from the French by
Barbara Bray. 270 pp. \$15.75.
Harper & Row/Cornelia & Michael Bessie, 10 East 53d Street, N.Y.
10020.

Reviewed by Roy Hoffman

"BETWEEN two worlds" opens like a traditional novel, explaining to the reader that the setting, in the "twentieth century, forsaken, in the Gulf of Mexico," is "a sulfur volcano, and was originally named 'Isle of Lovely Simone.'" To the second paragraph, though, the unidentified first person — who begins to sound like a peasant woman in a trance — casually adds: "And it supports all kinds of strange creatures, men and beasts, devils, zombies, and the rest." Simone Schwarz-Bar, a native of Guadeloupe, wastes no time in her second novel turning the geography lesson

into a mythic tale and dream — at times as gorgeous as an equatorial flower, at others as garish as “a horror puppet show.”

The omphalos of this dream is Fond-Zombie, an “atom” of a hamlet in Guadeloupe, just beyond the “dead river haunted by a troop of evil spirits.” *Arising over that haunted river* is the Bridge of Beyond, a bridge that symbolizes both the link, and the chasm, between the Guadeloupean French colonialists and that of the slave-descended Creoles. “The Bridge Beyond” is also the title of Schwarz-Bart’s first novel, published in New York in 1974, in which an identifiable narrator — a peasant woman named Témoué — rhapsodically recounts the history of her family, and of her people.

Unfortunately, the Beast, however grand and gaudy, never seems quite up to Ti Jean, at least not as a literary creation. Next to Ti Jean’s complex bravado, the Beast looks like a creature from an animated film. Part of the Beast’s weakness as a fictional creation is that Schwarz-Bart’s images — at least as rendered in English by Barbara Bray — are as tropically lush as to taste is cruelly: “The sun was to tug on the horizon and the waves people who were so doors saw the Beast approaching,” the planet, mouth open and white hair becoming a halo of gold as it drew near. Then it swallowed the sun, glug, it had swallowed the children it me with along the road.”

Godzilla aside, another problem exists with the Beast. The narrator ex-

The *Guadeloupe* of "Between Two Worlds" is decidedly more grim than that of "The Bridge Beyond." Fond-Zombi, like Gabriel Garcia Marquez's *Macondo*, is isolated, backwards, and full of strange happenings. In the lower part of Fond-Zombi, Down Below, live Creoles who practice collective amnesia: Cut off from their own history, they know life only "as an ox knows ticks." On the plain of Fond-Zombi, Up Above, live sorcerers, men who are part animal, and the walking dead — all vividly remembering the slave revolts and their ancestors, and believing that the grass is "the hair of the fallen heroes." Down Below residents see Up Above folks as wild men. Up Above dwellers see those of Down Below as, tragically, "consummate imitators of the white man."

These two antagonistic groups merge briefly, and catastrophically, when Awa, daughter of Up Above ruler Wadema, marries Jean Above ruler Wadema, the son of Below Wadema, seeking revenge for the loss of his daughter, turns her numerous pregnancies into "water and blood," then assumes an invisible body and rapes her himself. The male child born of that violent union is Ti Jean L'Horizon — "our hero" of the tale.

At the center of "Between Two

While hunting his way back to Quadeloupe, Ti Jean meets the Queen with Long Breasts, a rather unsightly woman with a "big black neck," "big yellow fangs," and "a long hairy spine from which the bones stood out like knife blades." I gesture heroic for its tenderness, if Jean oils the queen's back. Voila! She becomes a divinely beautiful woman — her true form, which she can only assume a few hours at a time — and becomes Ti Jean's ambrosial lover.

Worlds." Ti Jean is a dramatic hero, and in many ways a classic one. He is half-god, half-mortal — the offspring of a sorcerer from Up Above, yet a resident of Down Below. He receives his instructions from his brothers Wadsworth and Wadsworth, who wear a bracelet of knowledge, a belt of strength, and a musket that belonged to Obé, martyred leader of a slave rebellion. And Ti Jean is marked as the

"Ti Jean L'Horizon" was the French title of this novel, and it seems more fitting than "Between Two Worlds." Ti Jean takes over this book, Guadeloupe, Africa, the Shadé Kingdom, and France — where Ti Jean is half-god, half-mortal, flows down through the sky like a "black angel bounding through the city" — are landed within the intricately coiled shell of Jean's soul.

savior of his people — when a cow-like Beast swallows the sun over Fond-Zombi, Ti Jean's destiny is to slay the Beast and liberate the sun.
 Ti Jean is a marvelous concoction. In his "heavy and slow" blood seems to run a touch of the biblical David, the young Jacob, the Haitian Toussaint L'Ouverture, and the intercultural

Ti Jean, of course, finally slays the Beast. Ironically, he does not slay the actual white men who have imposed on his ancestors. Ti Jean's war within himself: a bitter struggle between the Up Above and the Down Below, remembering and forgetting. Reliving the heroic lives of slave ancestors is Ti Jean's way of remembering, and it follows the paths of death and rebirth.

Solution to December Puzzle

Early on in "Between Two Worlds," Wadenba tells Ti Ju "Aha! yes, what is the spirit, the shadow of man, but his stories constantly follow him and witho which no race survives." Since Schwarz-Bart has done a courageous job of showing us one of these, and since he has been so honest, he threatens to swallow us all.

Roy Hoffman's first novel, "Abn Family," will be published next fall. I wrote this review for The Washington Post.

BRIDGE

By Alan Truscó

AT crucial moments bridge players often ask, like Alfred Doolittle, who appeared recently on the Broadway stage, for "a little bit of luck." But their prayers are not often answered in quite such a spectacular fashion as they were on the diagrammed deal.

South's team was struggling to survive in the semifinal stage of the event, and he found himself in an unenviable contract of three no-trump.

15 to 17 points, or perhaps a weaker hand in which clubs was the only length. The two-diamond response showed a desire for game, and the jump to three no-trump indicated the weak type with clubs.

When a diamond was led and the dummy appeared, South expected to fall by tricks. But he did not give up hope. On the first trick he played dummy's queen, the only hope, and could now see a possibility of making

♠ 10
♥
♦ WEST
♣ Q J 7
♥
♦ AK 7 5
♠

♠ 10
♥
♦ EAST
♣ 8 5
♥ A 9
♦ 7 9
♠

SOUTH
♠ K 9 4
♥ 6 3
♦ 8 4
♣

NORTH (D)
 ♠ 10 3 2
 ♥ Q 3 8 5
 ♦ Q 10
 ♣ Q 3 9

WEST **EAST**

♠QJ76 ♠83
 ♥10 ♥A8742
 ♦AK765 ♦J93
 ♣854 ♣1032

SOUTH

♠K94
 ♥
 ♦
 ♣

But it was not clear who held diamond jack, so West put up king and took his diamond tricks. the end, he was forced to bri spades, and was able to score the three tricks and make his unlik

♠K63
 ♦842
 ♣AK76

Neither side was vulnerable. The bidding:

North	East	South	West
		1♠	1♥
2♠	2♥	2♠	2♥
3♠	3♥	3♠	3♥
4♠	4♥	4♠	4♥
5♠	5♥	5♠	5♥
6♠	6♥	6♠	6♥
7♠	7♥	7♠	7♥

North	East	South	West
Pass	Pass	1 N.T.	Pass
2 ♠	Pass	3 N.T.	Pass
Pass	Pass		

West led the diamond six.

